



# Annual Report and Accounts for the Year Ended 31 March 2019

British Tourist Authority trading as VisitBritain & VisitEngland

# **BRITISH TOURIST AUTHORITY**

TRADING AS

## **VISITBRITAIN & VISITENGLAND**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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

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## 1. THE PERFORMANCE REPORT

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### CHAIRMAN'S FOREWORD

Throughout 2018, tourism continued to deliver economic benefit across the United Kingdom. This sector continues to be a powerhouse of innovation, creativity and employment. It accounts for 1 in 10 jobs across every part of the country, the third largest service export and massive investment with the UK accounting for over a third of all European hotel investment.

The British Tourist Authority continues to undertake its statutory duty, marketing Britain overseas, developing English tourism product and advising Government on Tourism policy.

In spite of a bumpy start to the season with the 'Beast from the East' – the worst weather in over a decade – Tourism performed well with real resilience across the country. The Royal Wedding in May offered a phenomenal backdrop with over a billion people witnessing the event and Britain as the stage. The summer season saw the best prolonged good weather in over 30 years and the industry reporting a very strong performance across the latter half of the year.

The Tourism industry continued to work collaboratively to achieve a Sector Deal as part of the Government's Industrial Strategy, entering formal negotiations in November 2018. As part of these negotiations, the team at the BTA continued to work with the tourism industry to achieve an additional level of commitment in the four areas requested by Government. Engagement took place in nine locations across the UK, alongside meetings held with a number of global and UK business leaders as well as support from across the entire sector.

The Government wanted the Tourism sector commitment to additional work in data, accessibility, investment and skills. The industry responded quickly and effectively with this impressive list of commitments:

- The future of UK hotel investment – committing to the building of 130,000 additional rooms in the next 5 years.
- Becoming one of the most competitive destinations for accessible tourism by 2025.
- The creation of 300,000 apprenticeships in the sector over the next 5 years.
- A new aggregated data centre that will enable a better understanding of customer trends and their experience of the UK.

The Sector Deal was announced on 28<sup>th</sup> June 2019.

The uncertainty surrounding the UK's future relations with Europe continues to add strain to tourism businesses and the way Britain is perceived overseas. Over two thirds of all visitors to Britain come from Europe and the background noise surrounding the negotiations, political instability and heated debate has raised concerns amongst travellers about choosing Britain. The BTA has been working over 12 months to ensure that our marketing response, message of welcome and guidance to future visitors is understood and ensures that Britain remains as open as ever.

The Discover England Fund continues to be a hugely successful programme delivered by VisitEngland. This project has seen 60 projects created and in operation across the whole country and was extended for another year to 2019-20. Product development of this type has been a first for the industry.

**Chairman's Foreword** *(Continued)*

The BTA operates using GREAT funding in addition to our core Grant-In-Aid, working alongside the Department for International Trade, the British Council and the Foreign and Commonwealth Office. That pot of money is essential to us and yet it is only confirmed on an annual basis. For 2018/19 our core funding level was £19.6m for VisitBritain and £7m for VisitEngland, with GREAT funding of £22.3m. The exchange rate drop of 16% over the past three years has made our delivery in international markets even more challenging when we are buying in foreign currencies.

We amplify our activity by working with commercial partners such as major airlines, global travel platforms and cultural partners which help our budget to be spread much further and reaching our customers in new and innovative ways.

We live in uncertain times. As we started the year we knew that we would see a Comprehensive Spending Review, a new relationship with the European Union, after Brexit on 31<sup>st</sup> January 2020 and the impact of the agreed Tourism Sector Deal. What we didn't know, were the exceptional challenges that would be presented to the travel industry, thanks to COVID 19. Tourism is vital to UK prosperity and the BTA is working hard to provide support and leadership to a sector which incorporates 200,000 SMEs as well as medium and large UK and global businesses to ensure that once the situation improves we are able to rebuild a thriving industry.

My thanks to the board, CEO, Sally Balcombe and the senior team for their unwavering support during these challenging times.

**Steve Ridgway CBE**  
**Chairman**  
**British Tourist Authority**

## OVERVIEW

### Chief Executive's Report

In 2018/19, in our mission to make tourism one of the most successful and productive sectors for the UK economy, I am pleased to say our activity has achieved an additional £951m for the economy, which means for every £1 that the Government invests in us we deliver £23 to the British economy.

We leveraged Government investment by attracting £11.5m of private sector investment in cash and in-kind and raised our own revenue through the VisitBritain Shop, with £1.9m in net profit being reinvested in international marketing.

Over the last year, we have focused our efforts and resource to drive economic growth across the nations and regions of Britain, in four ways:

First, by building demand in international markets. This year we continued to tell the story of the nations and regions of Britain in a new and refreshing way. Our award-winning global 'I Travel For...' campaign inspired international visitors, focusing on the passions that visitors have to travel. In Europe, we stepped up our activity in light of the EU Exit, with messages of welcome and reassurance to EU nationals in partnership with easyJet.

Domestically, we tackled the youth market, in partnership with VisitScotland, Visit Wales and Northern Ireland Tourist Board, by establishing a new travel trend – Microgapping – that encouraged young Brits to take a short break at home with all the enriching and fulfilling experiences of a gap year. As a result, we generated thousands of pieces of media coverage overseas and in Britain, reached millions of visitors across social and digital channels, driving additional visits and spend across the nations and regions.

Our work in increasing demand didn't stop there. We continued to position Britain as a global hub for business events, helping to secure two large association conferences - the 10th International Congress on Glaucoma Surgery 2020 and the Relais and Chateaux annual meeting in 2019 – and supporting a further 25 large events in the areas of technology, health, sport and engineering through our Business Events Growth Programme. Alongside this, our training workshops, market intelligence and events armed the UK industry with additional tools, skills and platforms to win more international business and grow existing events to an international audience.

Second, we focused our efforts for the year on supporting the growth and development of the industry. This year was the third year of the £40m Discover England Fund. Over 60 projects have now been supported through the Fund, providing a step-change in bookable English tourism product. This has resulted in a wealth of exciting experiences for the international visitor alongside world-class accommodation and transport options, creating a variety of new reasons to visit England.

A marketing programme aligned to 'I Travel For...' has helped take these projects to market as well as the piloting and roll out of TXGB, a digital solution linking suppliers seamlessly with global distributors, and the production and launch of 'Taking England to the World' Inbound Tourism Toolkit to support tourism businesses and product suppliers in reaching international consumers.

Third, we continued to provide expert advice and support to UK Government and industry. As the UK prepared to leave the European Union, we provided advice to both government and industry and supported the Home Office and other government departments in developing reassurance messaging and travel information for potential visitors from Europe.

We facilitated the Tourism Industry Emergency Response Group (TIER), which provided a coordinated forum for discussion and response planning for industry and advised on issues affecting welcome, through the 'Welcome to Britain' stakeholder group and EU Exit's impact on tourism. Accessibility and inclusivity remained a priority, with us leading on convening England's Inclusive Tourism Action Group and the production of a new guide for tourism businesses in partnership with the National Autistic Society.

Our England Business Advice Hub, which provides free resources, advice and toolkits to help tourism businesses grow, was re-developed to provide improved signposting as well as new resources.

Finally, we continued to build our commercial activities and partnerships to support our mission. Our work with commercial partners ranging from airlines, carriers, tour operators and OTAs helped us leverage our Government income to reach a broader base of customers with targeted content to drive conversion. To encourage dispersal of visitors and economic benefit across the country we partnered with regional gateways including Birmingham Airport, the West Midlands Growth Company and Marketing Manchester. Our VisitBritain Shop generated

## Chief Executive's Report *(Continued)*

£1.9m net profit in 2018/19 that was then reinvested back into the organisation.

Furthermore, we encouraged more visitors to explore Britain's nations and regions by increasing the range of products located outside London. Looking forward, as ever there are challenges and opportunities. We need to ensure our European visitors continue to see Britain as a welcoming destination and book their visits here this year. We will be launching a European campaign this year focusing on our welcome, people and places that we would love the industry to support and amplify.

The Tourism Sector Deal set a new benchmark in government and industry engagement. We want to take forward the ideas in that around tourism zones and the tourism data hub to enable the industry to know even more about our best customer prospects. By continuing to work together, we will ensure that tourism becomes one of the UK's most successful and productive industries.

Notwithstanding all these achievements in relation to corporate and strategic objectives, we have received a qualified opinion from the NAO on regularity, in relation to expenditure where appropriate approvals had not been obtained. This is something that is being addressed as matter of major importance. Further details are provided in the Statement of Corporate Governance and in the report of the Comptroller and Auditor General. Notwithstanding the qualified regularity opinion, the C&AG has however, issued an unqualified true and fair opinion on the financial statements.

When we set our ambition for inbound visitor spend to grow to £35 billion by 2025, attracting 49 million visitors, we could not have known the unprecedented impact that Covid-19 would have on our industry. All our efforts are focused on supporting the industry through the toughest of times and making preparations to support UK tourism recovery. To that end, I would like to thank our Chair of the BTA Board, Steve Ridgway CBE, and the Chair of the VisitEngland Advisory Board, Denis Wormwell, for their support, leadership and guidance, along with all staff, past and present, for making VisitBritain/VisitEngland a world-leading tourist board and a positive place to work.

Sally Balcombe  
CEO VisitBritain/VisitEngland

## Business Model - Purpose, Objectives and Activities

### Purpose and organisational structure

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

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

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

The English Tourist Board (ETB, also known as VisitEngland) is the dedicated tourist board for England and has similar functions and the same duty under the Act in relation to England, but does not have the power to encourage overseas visitors to come to England unless it is acting on behalf of the BTA. The ETB is an advisory board responsible for advising the Executive and the Board of the BTA on English tourism matters. The ETB's remit includes responsibility for the provision of advice to the BTA on how best to deliver English activity through an England action plan and the monitoring of its implementation.

### Strategic priorities

Our strategic priorities continue to be:

<b>VisitBritain</b>	<b>VisitEngland</b>
1. Deliver against our mandate*	1. Deliver against our mandate*
2. Drive volume, value and regional dispersal	2. Deliver Discover England Fund
3. Represent Britain	3. Provide a voice for England
4. Be an expert; provide strategic advice to Government and industry	4. Be an expert; provide strategic advice to Government and industry
5. Grow and diversify our funding	5. Grow and diversify our funding
6. Customer understanding	6. Product and supply understanding

\*The BTA will:

- Continue to market Britain overseas to drive growth in international leisure and business tourism.
- Maintain distinct activities to develop and market English tourism.

## **Business Model - Purpose, Objectives and Activities (Continued)**

### **Organisational priorities**

#### **Build tourism's value across the nations and regions and deliver on our targets with the GREAT funding**

Our success in building tourism value to Britain is based on our understanding of international markets and customers. We have offices all over the world with locally engaged staff who build our market insights and understanding of the best customers to target and the most effective platforms to reach them.

Activity in 2019/20 has focussed on the most valuable visitors for Britain, determined by their value now, projected growth and opportunities for regional dispersal. The priority will be those customers with the highest propensity to travel to Britain now – **such as business, leisure, visiting friends and relatives (VFR) and student audiences, as appropriate by market.** Encouraging repeat visitors will be key to ensure growth in lifetime visitor value.

Global consumer market segments will include *Explorers*, *Buzzseekers* and *Culture Buffs*. Crucial to ensuring the highest return on investment, will be choosing the most effective channels to reach customers with the most appropriate product and ensuring that the right mechanisms are in place to convert interest generated into bookings.

#### **Sustain legacy of the Discover England Fund platform and amplify England activity.**

Over the past three years, the £40m Discover England Fund (DEF) supported over 60 projects to deliver world class bookable tourism products, which join up geographies or themes, and integrate technological and transport solutions. The projects include the National Parks Experience Collection, Gardens and Gourmets, Brilliant Science, and England's Seafood Coast.

To sustain the legacy of the Fund, the new products were supported through the launch of a new platform, TXGB, in 2019/20. TXGB will facilitate the distribution of these products as well as other English tourism product to the trade via Destination Management Companies, (DMCs), tour operators, online travel agencies (OTAs), and product providers. This platform will maximise English product exposure in the marketplace (international and domestic) and support seasonal and regional growth by providing distributors with access to the latest product.

International activity will tactically promote the areas of England for the right season and destination based on capacity. A programme of activity will enable UK tourism businesses and DMOs to integrate their plans for maximum leverage.

Utilising data on capacity and raising the game on domestic tourism in England, there will be a marketing drive to grow and develop domestic tourism based on family holidays, weekend and 'micro-gapping' breaks, tapping into the audiences with the highest propensity to travel around Britain and spend more.

#### **Advise on tourism growth, resilience and productivity**

In order to enable Britain's tourism industry to capture its share of global and domestic growth and inspire visitors to explore the UK nations and regions, it's important to secure the right data, insights, information and measures. For 2019/20 there have been two additional areas of focus:

Primarily, a continual update on the mood of the EU Exit, what this means for the sentiment of visiting Britain and any changing visitor needs - how this influences messaging and product packaging. It will help to inform Government on Britain's soft power agenda and help to inform Government policy.

With productivity high on the agenda and a need to really understand and measure how tourism supports job creation and the economy in the UK, there will be a piece of work commissioned to understand and measure this and VisitBritain/VisitEngland's active contribution to it.

## **Business Model - Purpose, Objectives and Activities** *(Continued)*

### **Deepen and integrate our partnership activity across public diplomacy partners, strategic partners, and the tourism industry and consumer channels to market – to leverage reach, innovation and value**

With an understanding that the success of tourism relies on industry partners, there has been a noticeable shift in 2019/20 towards integrating and working more strategically with those with similar goals to VisitBritain/VisitEngland.

International plans will be integrated more closely (where appropriate) with the Foreign and Commonwealth Office globally on International government initiatives and tackle challenges that affect tourism growth. In particular, the focus in 2019/20 remained with EU Exit and any implications for connectivity, visas, perceptions of Britain for investment and political relations.

Working actively with strategic partners, VisitScotland, Visit Wales, Northern Ireland Tourist Board and London & Partners, as well as England's destination and supplier partners (DMOs), plans will be integrated (where there is synergy) and efforts leveraged to create one clear roadmap for UK's success. Key to this aim will be to grow dispersal across the UK and extend the travel seasons filling any capacity gaps in order to strengthen productivity.

For 2019/20, there was a more refined marketing communications plan working harder to integrate both direct to consumer channels and trade partner channels targeting the most lucrative visitors; those with the highest propensity to travel to and around Britain and those more likely to repeat visit in the long-term. Visitor interest generated through marketing activity will link up with Britain's product and lead to a conversion platform.

### **Embed business events activity to deliver wins across the UK**

Growing business events is high on the government agenda; this form of tourism boosts business confidence in Britain, puts Britain at the centre of business consideration and builds Britain as a global business hub. Those visitors travelling for business events help also to grow the prospect pool for future leisure visitors. On all counts, business events grows the value of visitors and tourism dispersal and contributes to stretching seasonal peaks and troughs.

2019/20 saw continued focus on implementing the UK Government's International Business Events Action Plan – launched in June 2019 as part of the Tourism Sector Deal commitments. The Business Events Growth Programme will continue to be a key part of this, offering financial support and government advocacy to help win new international business events and grow the international profile of business events in the UK. There will also be a focus on marketing activity to raise awareness and increase consideration of the UK's business events offer, providing international routes to market for the UK events industry and capacity-building to support the industry's international competitiveness.

### **Improve operational efficiency and effectiveness**

The organisation continues to find efficiencies to ensure operational excellence and these have been built into our future 2019/20 business plans.

## Risk Management

During 2018/2019, BTA had a moderate risk management framework in place. BTA are seeking to develop a good risk management framework, which can add value by increasing the likelihood that the organisation will achieve its objectives and targets, and enable it to take action to reduce the impact if something goes wrong. Good risk management would enable VisitBritain and VisitEngland to exploit opportunities in a managed way. It would also help us to use resources more effectively and lead to better decision-making and management of activity. At the heart of a good risk management process includes integrated planning, clear allocation of responsibilities and budgetary control.

We aim to manage risk at an appropriate level to achieve aims and objectives and comply with our policies. We cannot eliminate all risks, so we aim to reduce risk to such a level as is reasonably practicable. The risk management policy encourages the taking of controlled risk designed to maximise new opportunities and to promote the use of innovative approaches to further the interests of BTA and to achieve its objectives, provided the resultant exposures are within our risk appetite.

Our corporate risk register is kept under review by the Executive Directors, the Audit Committee and the Board; the principal risks and uncertainties are reviewed and scrutinised under our Assurance Framework and subsequently within our internal audit work programme.

Our targets are primarily related to increasing visitor numbers and spend: in VisitBritain's case, the ability to deliver can be affected by changing economic factors such as foreign exchange fluctuations, changing conditions in market and economies and politics, changes in air capacity, or world events such as terrorist attacks and pandemics. Any of these factors can lead to potential visitors deciding not to come to Britain. We therefore endeavour to maintain the flexibility to rapidly switch our activities between markets to mitigate any detrimental effects.

Risks of this nature also threaten VisitEngland's ability to meet its targets: for instance a strengthening pound or poor weather can lead to UK residents substituting a domestic holiday with an overseas one.

### EU Exit

The UK's decision to leave the European Union (EU) and consequent preparations for 2019 appear to have had some impact on sentiment towards Britain and tourism in the European markets. On the other hand, over the last financial year the lower value of the pound has helped to create opportunities; whether for British citizens to consider staycations or encourage international tourists to travel to Britain to take advantage of the lower value of the pound.

### Overseas currencies

As an international organisation, we trade in several currencies around the world and are therefore exposed to movements in currency markets. A Foreign Currency Policy is in place which complies with the guidance in HM Treasury's Managing Public Money; the BTA operates within this framework to proactively review and manage currency cash flows, bank balances and foreign currency requirements, to plan forward purchase or sale of currencies which provides for some financial stability for overseas operations and represents the most effective approach to mitigate foreign currency risk.

## **Risk Management** *(Continued)*

### Pension scheme

Pension liabilities continue to be a key focus for the BTA, its Board and Sponsor. The BTA, having established a strategy in respect of pension risk and provision, consulted staff during 2017 regarding the British Tourist Boards' Staff Pension and Life Assurance Scheme (BTBSPLAS) and its closure to future defined benefit accrual. The BTA executive, Pension Trustees and Trade Union representatives worked constructively through this period to ensure an open process for staff. Following the conclusion of the consultation period the proposal was approved by the Board, DCMS and HM Treasury. However, VisitScotland was unable to agree the proposals due to wider BTA/VisitScotland considerations in connection with the provision of government support. Discussions with all stakeholders continued and in the summer of 2019 it was agreed to "sectionalise" the pension scheme, with each employer having its own section and with assets and liabilities allocated accordingly. Each section is supported by a guarantee provided by the relevant sponsoring government. Sectionalisation also enabled the triennial actuarial valuation as at 31 March 2018 to be agreed.

In December 2019 BTA recommenced consultation with staff to close the BTA section to future benefit accrual, with a view to providing future pensions via a Group Personal Pension (currently used by staff who have joined since 1 April 2017). The BTA section of the scheme was closed to future benefit accrual on 31st March 2020. BTA is also in discussions with the Trustees to review the investment strategy.

## **Human Rights, Anti-bribery and Anti-corruption**

BTA's employees constitute its greatest asset. In order to ensure a high quality workforce it is vital that we provide a work environment that is underpinned by a culture of integrity and equality, while embracing diversity of the communities that we serve. BTA supports the protection of human rights and have policies and processes in place to ensure that all employees act in accordance with the organisation's values which encompass areas such as business conduct, equal opportunities, anti-corruption and whistleblowing.

Following the introduction of the Bribery Act 2010 BTA introduced a policy on bribery and corruption for all employees to strictly comply with. Management ensures that the policy is complied with, and updates the policy and procedures as and when required. All staff are trained on these aspects at the commencement of their employment and staff are reminded of their obligations in this regard as part of their annual compliance declarations.

Further information on our employment practices are discussed in the Staff Report section of the Accountability report.

## The Environment

Every organisation needs to be aware of the impact of its operations on the environment. BTA is conscious of the need to use scarce resources as efficiently as possible, to minimise waste and to acknowledge its responsibility to limit harmful emissions wherever possible.

BTA's contribution to the environment is measured through to key areas:

- Carbon footprint
- Waste management

BTA has made steady progress in these areas during 2018/19. Our total CO2 emissions reduced 4% on the previous year, and our total waste output reduced 10%. However, energy consumption increased by 6% and water consumption by 35%, this may be due to the move to new premises in the year and associated arrangements for the building and how sustainability is measured.

BTA takes its responsibilities towards the environment seriously and remains committed to promote sustainability in the workplace.

## Basis of Preparation and Going Concern

The financial statements have been prepared on a going concern basis as set out in Note 1 on page 69.



Sally Balcombe  
Accounting Officer  
BTA  
14 May 2020

## PERFORMANCE SUMMARY AND ANALYSIS

### Performance Summary

#### 2018/19 Key performance indicators

The following are the key targets agreed with DCMS against which VisitBritain/VisitEngland is measured.

Other deliverables are set as part of the organisational business plan and explained in the Performance Report for the Year.

	Indicator Description	Definition	Result for 2017/18	Target for 2018/19	Results for 2018/19
<b>Core Marketing Programme</b>	Incremental Visitor Spend	The amount visitors spend in Britain that resulted from VisitBritain interventions	£548.9m	*£811m	£517.5m
<b>GREAT Campaign</b>	Incremental Visitor Spend	The estimated visitor spend in Britain that resulted from VisitBritain interventions	£340.8m	*	£306.1m
<b>TOTAL</b>			<b>£889.7m</b>	<b>£811m</b>	<b>£823.6m</b>

*\* 2018/19 incremental visitors spend target is for both GREAT and Core. The VisitBritain target increases progressively year on year with the percentage increase based on the forecast rate of IPS spending growth for each year + 1.5%. In 2018 there was a decline in spend of -7.4% reported by the IPS. As a result the target for FY18/19 shows a decline of -6.4% (2018 IPS decline + 1.5%)*

## Financial Performance Review for the Year 2018/19

*Note: As a result of the adoption of IFRS 15 and the modified retrospective approach applied in its implementation, the current and comparative year results as presented in the statement of net expenditure may not be comparable. This is explained in more detail in notes 1 and 32 to the annual financial statements. The information presented in note 32 shows comparative information as presented in previous years.*

### Source of funding

During the period covered by these accounts, BTA was funded from the following sources:

- Core grant-in-aid, (GIA), from DCMS.
- GREAT Programme: once again a significant proportion of funding was provided under the GREAT brand for international image campaigns and a campaign to persuade people to holiday in Britain.
- Discover England Fund (DEF) which is a four-year funding programme to encourage incremental visitor spend in England.
- Additional one-off grants were received for Loch Ness and Mayflower projects.
- Revenue generated through other activities including the VisitBritain online retail shops.

The overall income (both grant-in-aid and non-grant-in-aid income) for 2018/19 totalled £100.2m (2017/18 - £94.8m) which includes gross revenue from retail operations. Adjusting the current year revenue for the effects of the first time application of IFRS 15, overall income for 2018/19 totalled £91.4m.

### Grant funding

Grant budget allocation for the year amounted to a total of £68.2m, an increase of £7.8m (13%) from 2017/18 (£60.4m). The funding allocation included the £18m for the Discover England Fund, a fund that totals £40m over a 4-year period to 2019/20.

The table below shows GIA Budget and Cash Allocation per DCMS Funding Agreement; which reflects a marginally lower level of GIA cash drawdown at £68.193m due to £25k cash GIA c/f to 2019/20

#### BTA Funding - 2018/19

	VisitBritain £'000	VisitEngland £'000	BTA (Total) £'000
GIA Original Management Agreement	19,554	6,978	26,532
Capital GIA	636		636
GREAT Funding	19,750	2,500	22,250
GREAT fund transfer from VE to VB			0
Discover England Fund (DEf)		22,590	22,590
Discover England Fund (DEf) - budget c/f to 2019/20		(4,540)	(4,540)
Other Funding	500	250	750
<b>Total Grant in Aid (Budget) Allocation per the DCMS Funding Agreement</b>	<b>40,440</b>	<b>27,778</b>	<b>68,218</b>
<i>Cash GIA c/f to 2019/20 (GREAT Salisbury activity additional funding from DIT)</i>	<i>(25)</i>		<i>(25)</i>
<b>Total Grant in Aid (cash) Allocation per the DCMS Funding Agreement</b>	<b>40,415</b>	<b>27,778</b>	<b>68,193</b>

## Financial Performance Review for the Year 2018/19 (Continued)

### Other income (non-GIA income)

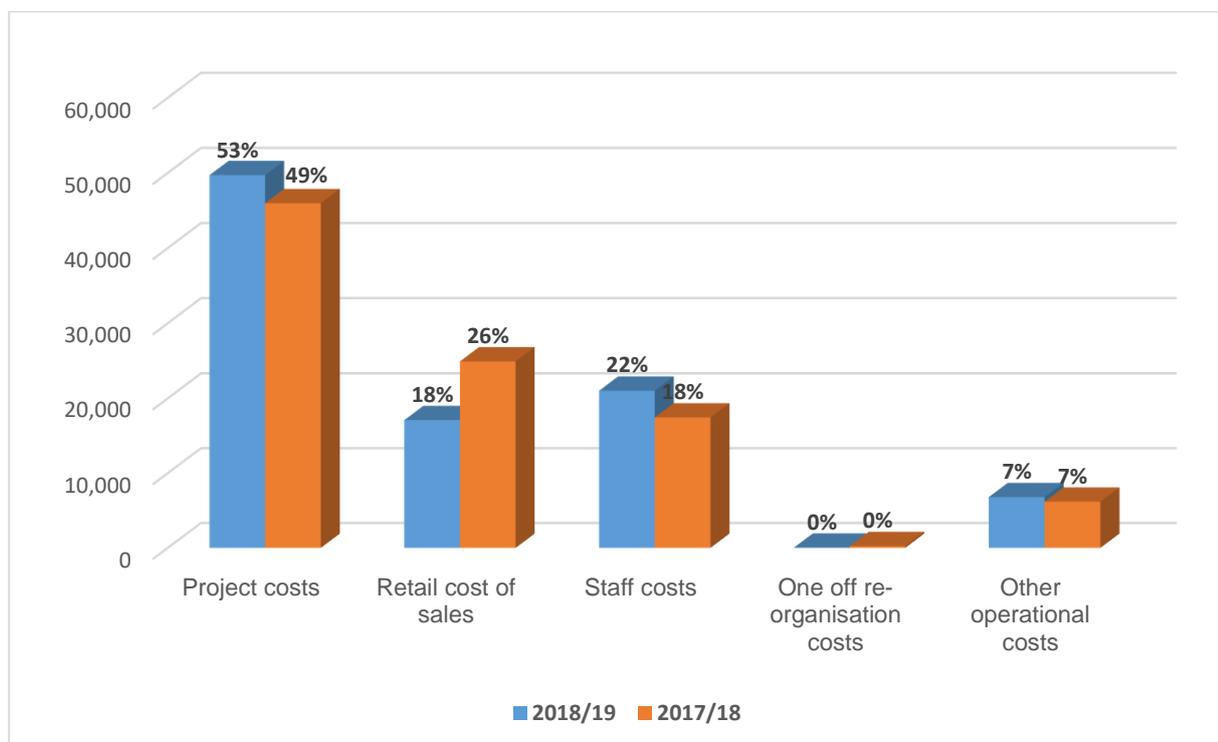
Income from non-GIA funded activities decreased by £11m, in 2018/19 compared with 2017/18; from £34.2m to £23.3m (see Notes 6, 7 and 32 to the Accounts). The main variances were:

- Introduction of IFRS15 created a technical adjustment reducing income (and expenditure) by £8.8m.
- Income from commercial activities decreased by £0.9m (or 3%) as a result of the continuing challenge of online retail activity in continued, testing market conditions.
- Income from partnerships activities decreased by £1.5m (or 41%) following increased allocation during 2017/18 of GREAT funding on campaigns with partners.
- Income from exhibitions, workshops and fairs decreased by 9% and the main factor was the transfer of Explore GB to the following financial year.
- Other income increased marginally (see note 7) to £992k, notwithstanding the reduction in grant funding due to a one off grant from the FCO in 2017/18 of £180k for a joint campaign.

### Expenditure

The overall expenditure (excluding employee benefit costs) in 2018/19 decreased by £3.4m to £73.8m due to a number of factors. This decrease is primarily attributable to an £8.8m IFRS15 policy adjustment offset by £5.4m in additional grants paid in respect of the Discover England Fund compared to 2017/18.

### Analysis of total expenditure (%)



## Financial Performance Review for the Year 2018/19 (Continued)

The other main changes in operating costs were (see note 8, 9, 11, 12 and 32):

- A £7.8m decrease in commercial cost of sales, driven by the IFRS15 technical adjustment, reducing expenditure by £8.7m, partially offset by increased product costs that were not always passed on to customers, to help stimulate sales.
- Decrease of £1.9m in partnership marketing, media and publication costs, in line with lower partnership marketing, media and publicity income levels.
- UK Property and support costs increased (£731K), as a result of increases in staff recruitment and expenditure to update BTA's website.
- Increase of grant payments to Destination Organisations by £5.2m was mainly due to more funding allocation in 2018/19 from the Discover England Fund.
- Increase in the irrecoverable VAT by £152k to £4.4m which is due to a reduction in commercial income, resulting in lower VAT recovery rate.
- A reduction in foreign exchange losses to £43k, down from the £341k in 2017/18.
- Staff costs have increased by 21% from 2017/18 due to the global pay review increasing salaries and increased headcount in addition to higher costs for the defined benefit pension scheme.

### Pension schemes

Employee benefits, including pensions and other post-retirement benefits form part of the people strategy; the pay and reward strategy is a means to attract and retain staff. Benefits such as pensions have both annual cost implications but also longer term financial commitments that require close and ongoing attention.

Following the last full valuation of the scheme in 2015, the employers agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in a proportion to its share of the deficit. BTA's pension deficit recovery contributions for 2018/19 totalled some £1,448k (2017/18: £2,518k); with current employer contributions in respect of future service being 24.4% for members with a retirement age of 60, and 13.1% for members with a retirement age of 65. BTA also has an additional unfunded pension liability of £148,000 (2017/18: £168,000) for pension payments to former chairmen which is included in the Statement of Financial Position. Further details are presented in these financial statements in accordance with the amended IAS 19 'Employee Benefits' - see note 26.

### Working capital

Net working capital increased by approximately 8% or £198k. The main contributors to this increase were higher year-end cash balances (£327K) and decreased payables (£778K) partially offset by decreased inventory (£983k).

### Creditor payments policy

BTA is a signatory to the Confederation of British Industry, (CBI), code of practice on supplier payment and is committed to the payment of its suppliers to agreed terms or within 30 days. From 1 November 1998 the organisation has incorporated into this policy the regulations contained in the Late Payment of Commercial Debts (Interest) Act 1998. There were no claims for interest payment under the terms of this Act in this financial year. Since January 2013, BTA has committed to the government pledge to pay its suppliers, wherever possible, to the agreed terms or within 10 days and is monitoring progress against this target. During 2018/19 68% (2017/18: 65%) of suppliers' invoices not in dispute were settled within these parameters. The results for paying invoices within 30 days are as follows: 92 % in 2018/19 and 91% in 2017/18.



Sally Balcombe  
Accounting Officer  
BTA  
14 May 2020

## The Tourism Landscape

### Inbound trends

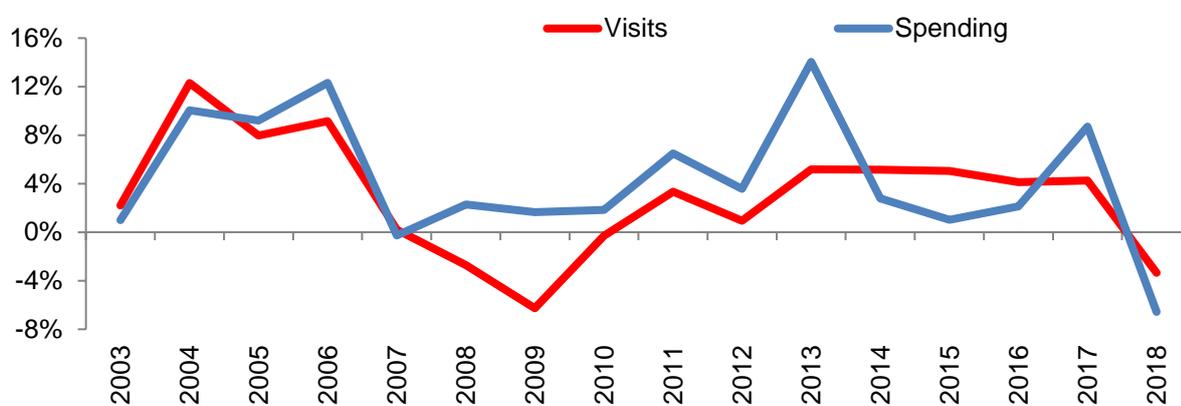
#### 2018 inbound tourism in numbers<sup>1</sup>

- After a record 2017, there was a decline in inbound tourism visits and spend in 2018.
- 2018 saw £22.9 billion spent by inbound visitors in the UK, 7% down in nominal terms on 2017.
- There were 37.9 million visits to the UK from overseas, down 3% on 2017 but still 1% up on 2016.

Visits fell in each of the first three quarters of the year, down 5% in Q1, down 8% in Q2 and down 3% in Q3. However, visits rose by 3% in Q4.

Average spend per visitor fell to £604, compared to £625 in 2017 but up from £599 in 2016.

**Figure 1 - Year-on-year change in visits and spending**



### Trip purposes

With 15.1 million visits in 2018, holiday is the most common journey purpose bringing visitors to the UK. The number of holiday visits declined 2% in 2018. However, this came after an increase of 11% in 2017, so holiday visits are still 9% up on 2016.

Visits to friends and relatives (VFR) also fell by 2%, although again this came after a record in 2017 and was the second highest number recorded.

Business visits fell by 4%; this followed a similar 4% decline in 2017.

Visits for miscellaneous purposes fell by 16%. (Within this, study visits rose by 2% but “other miscellaneous” visits fell by 19%.)

**Figure 2 - 2018 Purpose of journey of inbound tourists to the UK<sup>1</sup>**

Holidays	VFR	Business	Misc.
-2%	-2%	-4%	-16%
15.1 million	11.8 million	8.4 million	2.6 million

<sup>1</sup> International Passenger Survey 2018 figures

## The Tourism Landscape (Continued)

### Regions and nations<sup>2</sup>

**Figure 3 – inbound visits to the nations and regions of the UK (excluding Northern Ireland)**

	Spend (£m)	Growth	Visits (000)	Growth
Scotland	2,206	-3%	3,538	10%
Wales	405	10%	941	-13%
London	12,329	-9%	19,090	-4%
Rest of England	7,463	-4%	15,708	-5%
North East	293	21%	466	-16%
North West	1,351	-15%	3,051	-3%
Yorkshire	604	6%	1,392	4%
West Midlands	836	4%	2,134	-8%
East Midlands	527	19%	1,255	-2%
East of England	704	-14%	2,199	-9%
South West	1,129	-6%	2,401	-7%
South East	2,007	-6%	4,927	-7%
<b>UK TOTAL</b>	<b>22,897</b>	<b>-7%</b>	<b>37,905</b>	<b>-3%</b>

With overall inbound tourism to the UK declining, most individual regions/nations of the UK also saw declines in visit numbers – with some exceptions.

Visits to London fell 4% from the record set in 2017 to 19.1 million, the second highest recorded. Inbound visitors to London spent £12.3 billion.

Visits to England outside London fell by a similar degree, 5%, to 15.7 million. These visitors spent £7.5 billion in England outside London.

However, Scotland bucked the trend and saw continued growth. Inbound visit numbers were up 10% (on the record set in 2017) to 3.5 million and have risen by 46% in five years. Visitor spending nudged slightly down, by 3%

(after 23% growth in 2017).

There were 941,000 visits to Wales, down 13% on 2017. Visitors to Wales spent £405m.

### Market view<sup>2</sup>

In total, visits to the UK fell 2% from long haul markets in 2018 to 10.9 million. However, this was in comparison to a strong 2017 – they are still up 11% on 2016. And looking back five years, visits from long haul markets are up 23% on 2013.

Visits from European markets fell 4% in 2018 to 27 million. However, in comparison to long haul markets, growth in 2017 was more sedate and visits are 3% down on 2016 (although are up 13% when taking the five year view).

The United States saw approximately the same number of visits as in 2017 (3.9 million visits, down 1%) although this was enough to regain the number one rank for volume for the first time since 2007. The USA remains by far the top market in terms of visitor spending, with £3.4 billion spent by US residents in the UK in 2018.

There continued to be growth in visit numbers from China – up 16% to 391,000. Visits from China have grown by 95% in the last five years in total.

Visits from Spain grew 5% to a record 2.5 million, adding an extra 117,000 visits. Visitor spending of £1.1 billion was enough to claim fourth place in the most valuable market rankings for the first time.

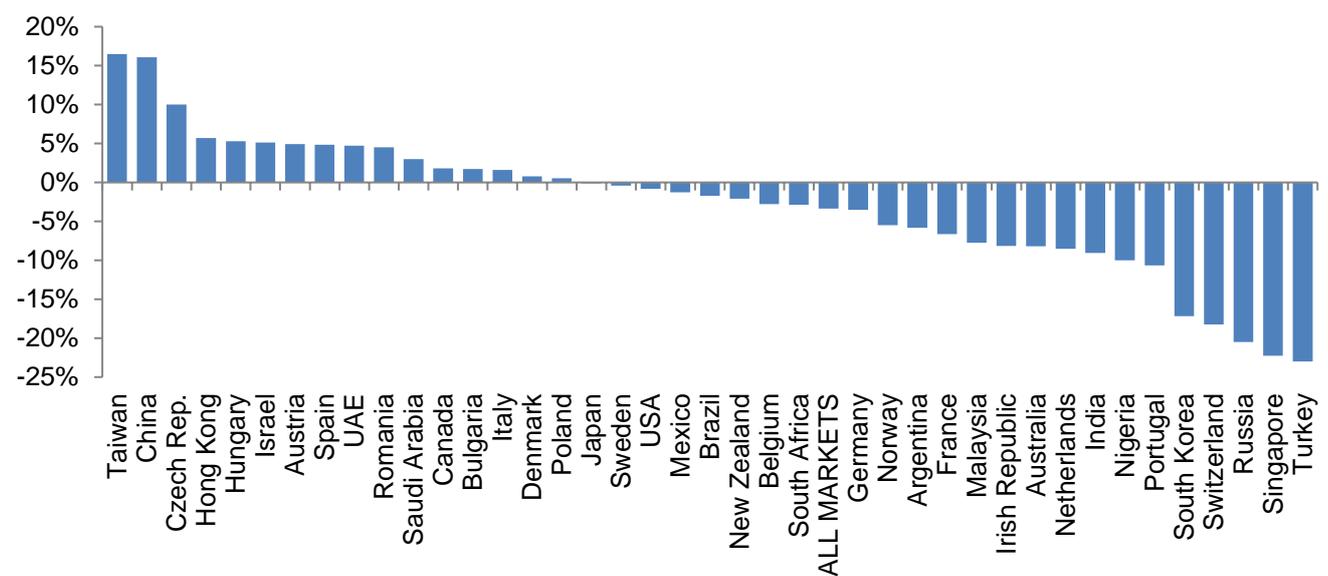
<sup>2</sup> International Passenger Survey 2018 figures

## The Tourism Landscape (Continued)

Growth was seen from a number of other markets, including Taiwan, Hong Kong, UAE, Saudi Arabia, Israel and Austria. Several major markets were approximately on par with 2017, such as Canada, Italy, Denmark, Poland, Japan and Sweden, as well as some emerging markets such as Mexico and Brazil.

Germany (-4%) and France (-7%), the UK's second and third ranked markets in terms of both volume and value, both saw declines in visitor numbers. Russia, Singapore and Turkey all saw steep declines in visits after big increases in 2017.

**Figure 4 - Growth in visits to the UK between 2017 and 2018, by market**



Direct air capacity from international markets was up 2% in total in 2018 (after a 5% increase in 2017). Direct seat capacity from several key markets rose: from the United States by 6%, Canada 1%, China by 16%, Brazil by 16%, Japan by 12%, Singapore by 19% and Turkey by 22%. However, seat capacity fell by 5% from the UAE, 2% from Saudi Arabia and 26% from Malaysia.<sup>3</sup>

### Competitive view

Inbound overnight arrivals to the UK fell by 4% in 2018. Arrivals to Europe in total grew by 6% and globally by 5%. Arrivals to Asia-Pacific grew by 7%, Americas by 2% and Middle East by 5%. Within Europe, arrivals to Western Europe grew by 4%, Northern Europe (which includes the UK) by 1%, Southern Europe by 8%, and Eastern Europe by 5%.

Most of the UK's competitor destinations saw growth in overnight visits, including USA (4%), Italy (7%), Germany (4%), France (3%), Netherlands (6%), Australia (5%) and Ireland (7%).

In value terms, inbound spending in the UK fell by 7%. Globally, international tourism spending rose by 4%. Inbound spending within Europe rose by 5%, Asia-Pacific by 8% and Middle East by 4% although spend in the Americas was flat on the previous year. The UK therefore lost market share both in volume terms and value terms.<sup>4</sup>

The 2018 Anholt Nation Brands Index survey ranked Britain as the 4<sup>th</sup> strongest tourism nation brand overall, the 4<sup>th</sup> for contemporary culture and the 7<sup>th</sup> for cultural heritage, and the 5<sup>th</sup> most aspirational destination to visit, if money was no object.

<sup>3</sup>Apex

<sup>4</sup>UNWTO World Tourism Barometer September 2019

## The Tourism Landscape (Continued)

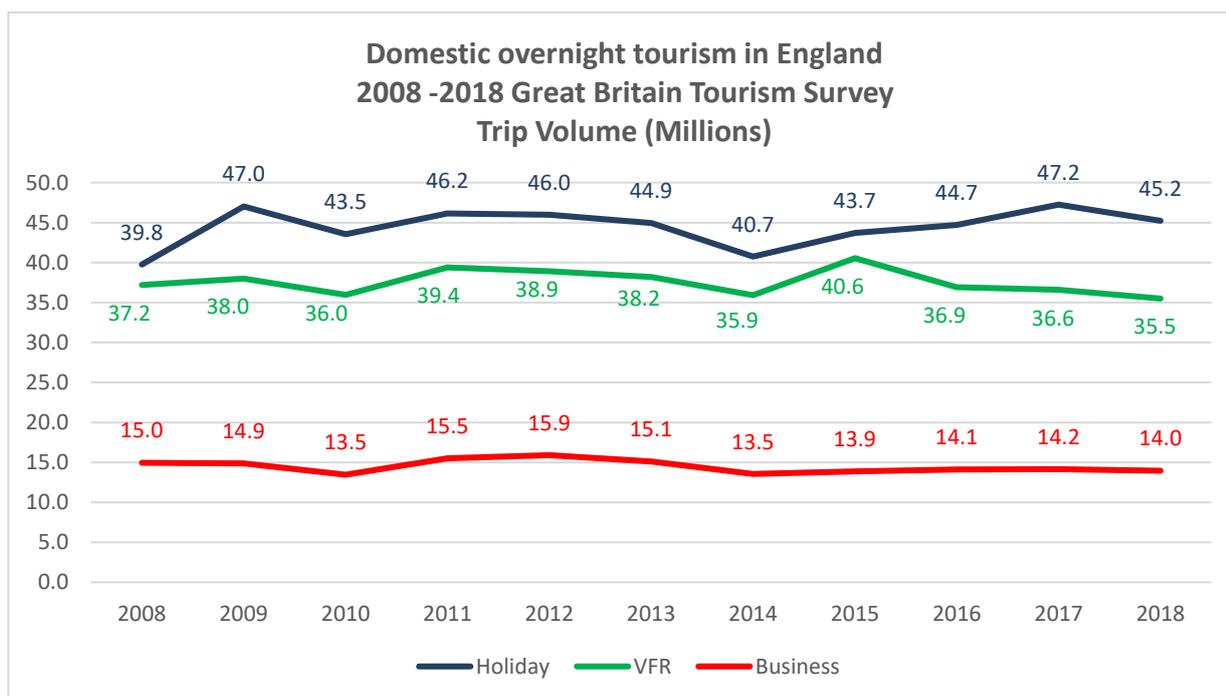
### Domestic Trends

#### Domestic overnight tourism<sup>5</sup>

In 2018, the total number of domestic overnight trips taken in England declined by 3.2% to 97 million. The number of holiday trips decreased by 4.3% to 45.2 million, following a strong 2017 a record-matching year. The story of 2018 is one of weather, with the first four months of the year beset by bad weather, seeing a decline in cumulative volume relative to 2017. The record-breaking good weather seen in May to July resulted in strong holiday volume that recovered the year to date volume with 2017; however a weak last few months of 2018 resulted in an overall decline, although still the second highest volume since 2013.

The volume of business trips declined slightly by 1.5%, and there was a decline of 3.4% in the number of trips for visiting friends and relatives (VFR).

2018 saw an end to the trend of an increased number of short breaks, with holidays of 1-3 nights decreasing for the first time in five years by 5%. The number of longer breaks of 4+ nights has returned to levels seen before 2017.

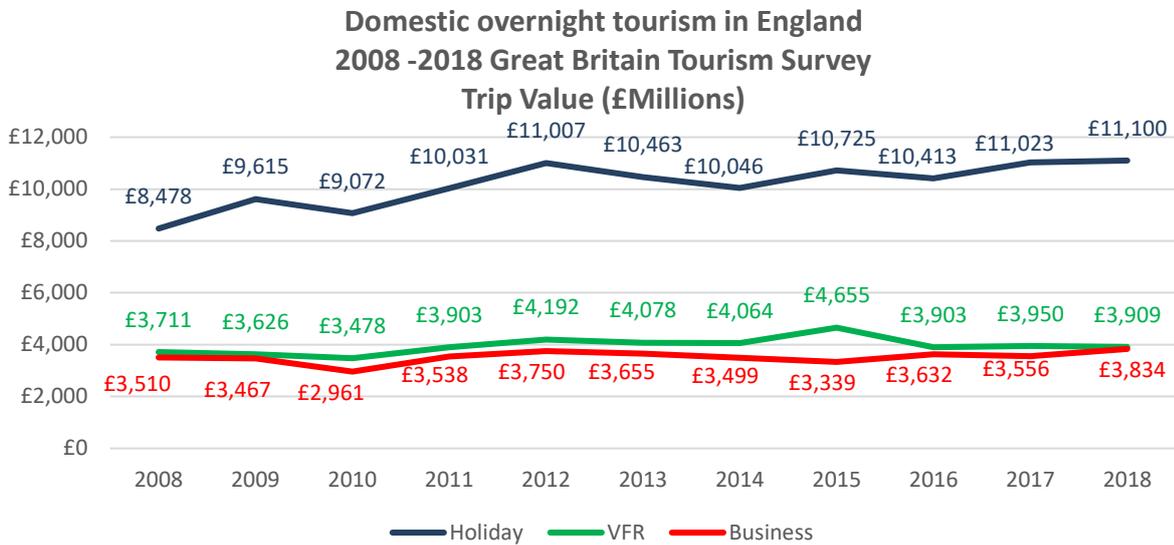


2018 saw an increase of 1.6% in overall expenditure from domestic overnight trips.

The amount of expenditure on holiday trips increased by 0.7% to £11.1 billion, however this is below inflation. Visiting friends and relatives (VFR) saw a decrease of expenditure of 1.1%, driven by a sharp decline in VFR for non-holiday purposes, while business trip expenditure increased by 7.8% despite the slight decline in volume.

<sup>5</sup> Great Britain Tourism Survey 2018

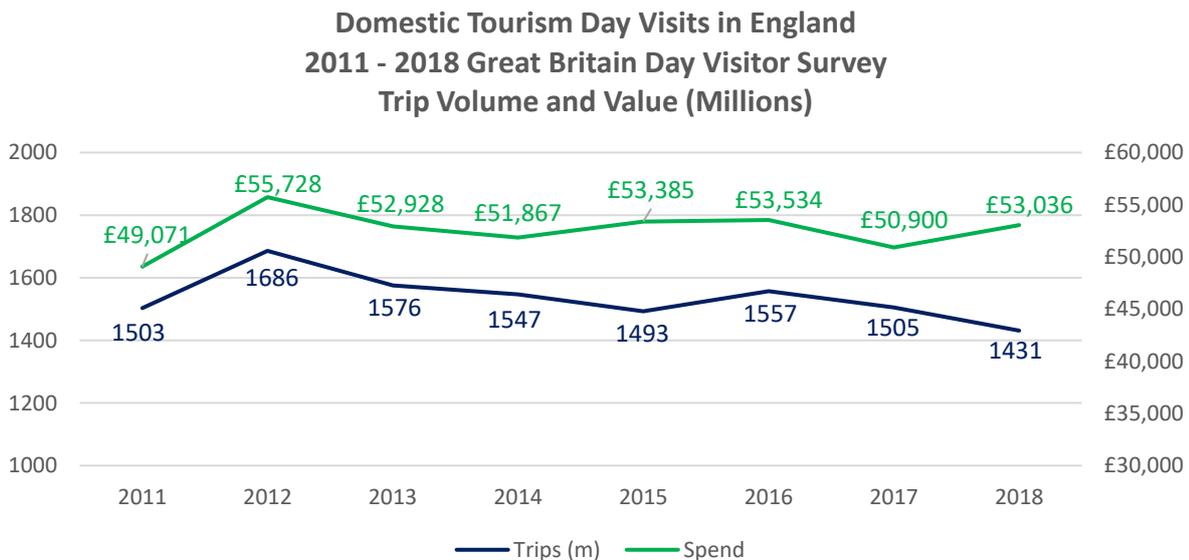
The Tourism Landscape (Continued)



Domestic day visits<sup>6</sup>

In 2018, the overall volume of tourism day visits declined by 5% to 1.4 billion, in part due to a noticeable decline in visiting visitor attractions (such as historic houses, theme parks, museums, etc.).

Expenditure increased by 4% to £53 billion bringing it back to a level seen since 2013, driven mostly by an increase in general days out, going for a meal or night out, and entertainment (cinema, theatre, etc.).



<sup>6</sup> Great Britain Day Visits Survey 2018

## 2018/19 National Policy Context

### Statutory duty to advise government

As part of the BTA's statutory role to advise government on tourism policy, it has continued to engage political stakeholders on tourism issues throughout 2018/19, ensuring that the industry is recognised for its role in the economy and forms a key part of the government's agenda.

Some engagement examples include:

- Meetings with individual MPs, Lords and Ministers, discussing tourism in their constituency in the context of the wider industry.
- Raising the profile of the industry during English Tourism Week by encouraging MPs to meet tourism businesses in their constituency and take part in a parliamentary photo call.
- The launch of VisitBritain's response to the Soft Power Strategy, attended by business leaders and the then Tourism Minister, detailing how tourism can complement and support 'Global Britain'.
- Giving evidence at various select committees, including the Lords' Regenerating Seaside Towns Committee, and the Lords' Rural Economy Committee.
- Sharing best practice with foreign government and tourist boards, including Japan, Bangladesh, Tatarstan and Ethiopia.
- Engagement across government departments, ensuring tourism is included in planning for sporting events such as the Cricket World Cup and Commonwealth Games.
- Promotion of VisitBritain/VisitEngland's work through parliamentary receptions.
- Taking part in speaking engagements, events, and one-to-one meetings with industry in order to hear directly from DMOs and industry stakeholders about the policy issues affecting them.
- Supporting the China All-Party Parliamentary Group's annual reception, which featured speeches from Sally Balcombe, the Chinese Ambassador, and the then Foreign Secretary, Jeremy Hunt.
- Facilitating policy discussions amongst the industry, and with government, through stakeholder groups such as the Welcome Group and British Tourism Industry Group (BTIG).
- Supporting the Home Office in developing their EU Exit communications, providing reassurance for potential visitors.

## Supporting a tourism sector deal



Since 2017, VisitBritain has played the role of facilitator for the Tourism Sector Deal, under the guidance of Steve Ridgway CBE. During this time VisitBritain has engaged with industry stakeholders of all levels from across the UK, holding roundtables, consultations, and one-to-one meetings.

This process has resulted in the industry collaborating to create the final Sector Deal document, which focuses on some of the key areas highlighted by the Government's Industrial Strategy – Place; Skills; Growth; and Productivity.

After careful consideration by Government, the then Secretary of State for Digital, Culture, Media and Sport, (DCMS), announced in 2018 that formal negotiations with the industry would begin, resulting in further engagement with industry on the topics of data, accommodation supply, accessibility, and the skills campaign.

The Tourism Sector Deal was announced by BEIS (Department for Business, Energy and Industrial Strategy) and DCMS on the 28<sup>th</sup> June 2019.

## VisitBritain and VisitEngland Performance Report for the Year

### Performance against the 2018/19 corporate priorities.

#### 1. Build tourism's value across the nations and regions – and deliver positive results with the GREAT fund

##### Developing integrated communication strategies

VisitBritain has an extensive overseas network, providing in-depth knowledge and understanding of potential visitors to Britain, their customer journey, the triggers that will motivate them travel to Britain and the best partners and channels to reach them. Detailed market approaches have seen the targeting of the highest value potential visitors and by reaching customers at the right time and in the right place across paid, earned and owned channels to deliver an end-to-end customer journey from inspiration to booking.

##### Delivering and amplifying the GREAT marketing campaign

This year has seen VisitBritain roll out an award-winning global marketing campaign '*I Travel For...*' across all markets, which won a prestigious Webby award in the social travel category. Using in-depth customer insights and identifying passions for travel, a range of compelling content including over 290 videos and over 210 campaign assets has told the story of the nations and regions of Britain in a consistent, new and refreshing way.

Events, anniversaries and launches all around Britain provided hooks across all our channels. The Great Exhibition of the North provided an opportunity to celebrate the North of England's outstanding cultural offering. The opening of the new V&A (Victoria & Albert Museum) Dundee and the 150<sup>th</sup> anniversary of the birth of one of Scotland's greatest artists, Charles Renee Mackintosh provided us with a similar opportunity to celebrate Scottish art and culture. Wales' *Year of the Sea* allowed us to showcase its vibrant coastline, dramatic seascapes and active inland waterways, all teeming with life, adventure and legends.

Using pop culture events such as the release of Hollywood blockbuster *Mary Poppins* allowed VisitBritain to showcase film locations in London and beyond to a variety of top global media, and of course VisitBritain took the opportunity of having the eyes of the world on Britain around the Royal Wedding to highlight our royal history and heritage products and locations around the country.

The 70<sup>th</sup> anniversary of National Parks provided an opportunity to highlight the great experiences they provide.

Campaign messages were tested in light of EU Exit with European audiences in preparation for the launch of a reassurance campaign, to encourage visitors from key markets in Europe to travel over the summer of 2019. 2018/19 was also the final year of the Loch Ness Tourism Fund in partnership with Inverness and Loch Ness Tourist Board to drive visits to the region.

##### Encouraging Brits to holiday at home

Domestically, VisitEngland, in partnership with VisitScotland, Visit Wales and Northern Ireland Tourist Board, launched the MyMicrogap campaign targeting a Gen Y audience by highlighting the gap year style experiences that visitors can have just a few hours from home. As well as 'out of home' activity, partnerships with VICE, Airbnb experiences, Lastminute.com, Secret Escapes and Expedia extended the reach of the campaign. A year-long ambassador programme with influencers such as 'Hand Luggage only'; and 'Where's Mollie?' highlighted England's cities, countryside and coastline and included angles through themes relevant to the microgapper - local flavours, learning a new skill, experiencing local culture and supporting good causes.

As part of English Tourism Week, to encourage Gen Y audience to go out and experience just some of the amazing things to do around the country, VisitEngland worked with 300 'micro-influencers' on instagram to host 12 instameets across England, leading to a significant boost in awareness and content being posted on the campaign hashtag of regions around the country which can now be amplified on our channels. We developed new collaborations with brands such as online music broadcasting, Boiler Room, to enable reach to target audiences in a different way.

##### PR and influencers

PR and influencer activity continued to be integrated into marketing activity, building relationships and hosting media from key international publications and developing influencer programmes which allow us to tell a consistent story of Britain in publications which we would otherwise need to pay for.

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

This activity ensures that we are reinforcing the positive image of Britain and ensuring that our target audiences all around the globe know the reasons that this should be the year they come to Britain.

In partnership with Northern Ireland Tourist Board, we hosted the Social Travel Summit in Belfast which saw 40 top-tier international and domestic influencers travel to 14 destinations around the UK to produce captivating content and showcase passions to followers and readers. These influencers showcased Britain on a variety of social networks reaching over 13.7 million social media accounts and generating 150K+ engagements with the content. In addition to the social reach, this project delivered 100+ assets (video/images) for us and our DMO and strategic partners to use rights free across their marketing campaigns.

Overall in 2018/19, influencer activity across global markets resulted in 13 million social accounts being reached and over a million engagements with that content.

A small test project was run as part of the Social Travel Summit with 15 bloggers to track what their readers do after they have viewed content on Britain. Results showed that from this have shown **480 bookings of UK product (flights or hotels) were made by people who saw the blog content.**

Over the same period, media outreach achieved 6,265 pieces of coverage, **resulting in 1.8 billion opportunities to see.** Aligned to our global media targets, 57% of the coverage contained a call to action; 90% of pieces featured our brand key messages; 78% of the content resulted directly from press visits in target media titles; and 74% of articles cited destinations outside of London.

### Curating content, digital scaling and innovation

Digital and social channels continue to amplify the variety of products and experiences available to visitors across the length and breadth of the country. With the 'always on' content strategy now completed, a customer and data-led approach has been used to identify the right content for the right customers at the right time. This means customers are being reached the whole way through the customer journey – from inspiration to booking to advocacy. New formats and approaches have been tested, including creating a VisitBritain Virtual Reality App, 360 degree videos and relevant virtual reality digital content. Working with iconic brands, locations and events including Liberty, Vivienne Westwood, Carnaby Street, Liverpool Cathedral and London Fashion Week. 360degree videos have delivered high customer reach and engagement. The DiscoveryVR 360 degree videos delivered a **140% increase** in searches for hotels and flight bookings on Facebook and **210% online**, plus **three times higher click through rates** in our newsletters.

Thanks to improvements in global search engine optimisation (SEO), it is easier for customers to search for and find content, resulting in **double digit year on year (YOY) increase in new visitors to our web sites and a double digit YOY increase in dwell time** across 18 markets. A joint SEO scoping project with the national tourist boards has identified opportunities for greater collaboration, content and linking opportunities.

Meanwhile digital consolidation, integration plans and enhancements to channels have continued apace. Developments to the visitengland.com homepage have resulted in a **618% increase in newsletter sign-ups** and new homepage designs on visitbritain.com have resulted in a double-digit reduction in bounce rates. We have also launched new sites including Business Events and re-platformed existing sites, such as, the media centre onto the common platform to ensure we can scale functionality, technology, design and user experience best practice.

Content curation is a core component of our content strategy and we have been successfully up-dating and repurposing our evergreen timeless content globally, rolling out a 'create once, use multiple times' plan repackaging content across our channels and working with partners to share their content where we have gaps to tell the story of Britain.

**Visit Britain's social media ROI activity has shown a significant growth of 59%.** This is directly linked to growth across all key social media. Instagram stories, immersive video content, illustrative and interactive maps are some of the key areas driving social engagement. A **food map** which showcased destinations right across the country, from the Isle of Skye to Cornwall had a reach of over **1.5 million** on Facebook. Meanwhile, a map showcasing **England's literary locations** had a reach of **1.4 million** on Facebook and was shared 10,000 times.

## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

### 2. Manage the Discover England Fund

2018/19 was the third year of the £40m Discover England Fund, (DEF), seeing record investment and activity. Delivering on the Fund's ambition to provide world-class, bookable tourism products to the right customers at the right time and drive growth across the industry, VisitEngland nurtured the development and distribution of a host of new products to entice international visitors.

#### Developing bookable product

Over the past three years, over 60 projects have been supported through the Fund to provide a step-change in bookable English tourism product. 2018/19 saw the highest annual investment in 14 flagship 'Large Scale' projects, worth between £0.5m - £1.2m in value and generating £5.6m in match-funding. This has resulted in a wealth of exciting experiences for the international visitor alongside world-class accommodation and transport options, creating a variety of new reasons to visit England. Highlights include two new multi-day, multi-destination rail passes, 72 new bookable experiences across England's National Parks and over 1,700 businesses featured on a new portal that brings high quality coastal products to the international travel trade and consumers.

At the same time, a third round of smaller one-year projects has been completed. Building on the success of test and learn initiatives in years one and two of the Fund and responding to market gaps and opportunities, 11 new products are now on sale through the trade and direct to the consumer. From The North of England's World Heritage Sites to cruise day trips, these products offer new ways for the international visitor to visit and experience England.

#### Extending expert support

Extensive activity has been undertaken to support the grant-funded projects, providing dedicated relationship management by VisitEngland as well as in-market support and expert advice from VisitBritain to maximise opportunities. A marketing programme aligned to 'I Travel For...' took these products to market. This included a number of content partnerships and collaboration with agents, primarily in the US, Netherlands and Germany as well as working with the international travel trade.

Additional activity to support getting England's new products and experiences to market has included:

- The piloting of a digital solution to link suppliers seamlessly with global distributors. Four large scale projects took part in a successful trial to on-board their products. Plans are now underway for the full roll out of this platform.
- The development of six partnerships with Destination Management Companies (DMCs), a crucial mechanism in embedding strong routes to market for DEF products. Activity resulted in 40 new itineraries (inspirational and bookable), training on DEF products for over 300 staff (DMCs and tour operators in-market), DEF themed educationals for over 90 travel professionals (DMC staff and tour operators in-market), as well as various campaign activations to a B2B and B2B2C audience promoting products and experiences.
- Coordinated overseas marketing in print and digital publications. One highlight was publishing three advertorial articles in Volkskrant Magazine, a supplement in a national Dutch newspaper. These articles had a call to action to view the VisitBritain and project-owned websites, generating 39,000 views.
- Production and launch of 'Taking England to the World' Inbound Tourism Toolkit to support tourism businesses and product suppliers in reaching international consumers. Over 5,000 physical copies have been distributed and 1,300 digital downloads. This is now being developed into a training programme to be rolled out in 2019/20.

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

### 3. Advise on Tourism Growth

VisitBritain regularly keeps the tourism industry informed about the latest **inbound tourism statistics and insights** across many topic areas through regular publications and its corporate website. This included:

- Publishing data on our website from the International Passenger Survey using an interactive data tool, allowing users to tailor the most relevant inbound tourism statistics.
- Market level insights, included maintaining our web pages, detailed market profiles, and 36 infographics that deliver the most crucial facts on each inbound market.
- Publishing thematic reports providing in-depth analysis on subjects including: How the World Views Britain; Perceptions of getting a visa to Britain; Regional spread; Activities undertaken by inbound tourists to Britain.

VisitBritain has **advised the Government on issues affecting welcome, through the ‘Welcome to Britain’ stakeholder group, and EU Exit’s impact on tourism**. We ran the fifth and sixth wave of our post-referendum sentiment research in September-October 2018 and March 2019. This was an online survey in seven European markets (France, Germany, Italy, Netherlands, Poland, Spain and Sweden) and two long haul markets (China and USA), focussing on themes including welcome, value for money and intent to visit.

In addition, VisitBritain formulated the **inbound tourism forecast for Britain**. The forecast for 2018 was updated in August 2018 and forecast 40.9 million inbound visits, with these visitors spending £26.3 billion. However, with weaker than expected results during the second half of 2018, the outturn was lower than forecast. The forecast for 2019 was for visits growth of 1.7% to 38.5m and spending growth of 9.1% to £25.0 billion.

VisitEngland delivered on its **statutory research obligations**, specifically the Great British Tourism Survey and Day Visits Survey (monthly and annual reports), Annual Attractions survey (annual report) and England Occupancy survey (delivered twelve monthly reports).

In addition, they developed their bank of dedicated market research and insights, including:

- **Experiences research** – looking at what experiences people enjoy whilst on holiday.
- **Multi-Generational research** – exploring similarities and differences between generational travel preferences.

The VisitBritain/VisitEngland **dedicated industry website** is a one-stop shop on English and British tourism for the industry, providing a wealth of official statistics, market research and industry resources:

- Insights, research and statistics on [inbound tourism to Britain](#) and on the [domestic tourism landscape for England](#).
- [Wide-ranging business advice and support](#).
- [Opportunities](#) for destinations and businesses to reach international and domestic markets.
- [Support for English tourism businesses](#) on hot topics such as visitor perceptions on key destinations.
- Inbound [market and customer-based insights](#) and market profiles, alongside trend analysis.

These materials enable the sector to adapt and grow. The website received 1 million quality visitors’ visits between April 2018 and March 2019.

A fortnightly **industry newsletter with a distribution of 11,000** recipients in 2018/19 signposted industry to the latest research and insights. In addition, we reach thousands of individuals and organisations through dedicated VisitEngland and VisitBritain social media channels Twitter (over 31,000 followers) and LinkedIn (over 30,000 followers).

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

Media continued to be an important channel for sharing insights and research with a wider audience, communicating the importance of tourism to the UK economy regionally, nationally and internationally. As the go-to experts on tourism matters, VisitBritain/VisitEngland continued to shape the national media narrative on the value of tourism to the economy, generating more than 7,300 pieces of press coverage in national, regional, trade and international press (online, print, broadcast). These not only provided a voice for tourism but also raised the industry's profile to the public and stakeholders.

In the lead up to the original EU Exit date of 29 March 2019, VisitBritain facilitated the **Tourism Industry Emergency Response Group (TIER)**, which provided a coordinated forum for discussion and response planning for industry; activity included coordinating consumer, industry and media lines to make it clear Britain is still a welcoming destination, as well as sharing official government communication guidelines.

### Supporting England businesses to grow

2018/19 saw the completion of a strategic review of the VisitEngland Awards for Excellence, resulting in the creation of a modernised competition aligned with our strategic objectives. The new approach sees us working in partnership with local competition organisers across England through collaboration agreements, as well as with a new Awards Steering Group. The new competition was launched at a special event to mark the 30<sup>th</sup> anniversary of the Awards in March at Banqueting House in London.

The England Business Advice Hub, which provides free resources, advice and toolkits to help tourism businesses grow, was re-developed to provide improved signposting as well as new resources. These include the new Inbound Tourism Toolkit, the first phase of the 'Taking England to the World' programme as well as the relaunched Digital Marketing Toolkit. It is also home to the 10<sup>th</sup> edition of the popular *Pink Book: Legislation for tourist accommodation* which was published in 2018/19.

Accessibility and inclusivity remained a priority, with us leading on convening England's Inclusive Tourism Action Group and the production of a new guide for tourism businesses in partnership with the National Autistic Society. We also helped develop government understanding of accessibility as part of the development of the bid for a Tourism Sector Deal.

## 4. Deepening partnerships to leverage their reach, innovation and value

Working in partnership with a range of organisations across the public and private sectors, we have maximised government investment, provide strong returns for our partners and grown the value of tourism to Britain.

Over the past year, deeper, longer-term strategic commercial partnerships have been developed, working on a wider range of activities and across the full breadth of the consumer journey. At the same time, relationships with our strategic partners – London & Partners, VisitScotland and Visit Wales – English destinations, trade associations and public diplomacy partners have had a shared goal of delivering sustainable growth in the volume and value of inbound leisure tourism and business events across the nations and regions of Britain.

This year we secured £11.5m in cash and marketing-in-kind support, through our commercial partnership activity.

Work with partners has amplified activity to inspire customers to visit:

- From New York City-based television show, podcast, and digital brand, Matador Men in Blazers, to Food52, online food community in the US.
- From airlines and carriers such as British Airways/ American Airlines in the US, P&O in Germany, SAS in the Nordics, EasyJet in Europe and Etihad in Gulf Co-operation Countries, (GCC), to tour operators such as Trafalgar Travel's Costsaver brand and OTAs such as Expedia and C-trip.
- From leveraging international sporting events such as the Cricket World Cup to Tencent, the world's largest gaming company, on their new QQ racing game in China. From publications, such as Nabd and CondeNast Traveller in GCC to National Geographic and Flight Centre in Australia.

A number of diverse and high profile partnerships were developed to encourage potential visitors to consider Britain for their next holiday and to drive bookings in innovative ways.

## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

In 2018/19 we connected hundreds of UK tourism businesses with international buyers through our sales missions in North America, China and North East Asia. We moved our flagship event, ExploreGB to May 2019, to highlight Britain at its best to hundreds of international buyers.

Meanwhile, by providing platforms for exhibiting at leading trade shows such as ITB Berlin, we enabled UK suppliers to open up new relationships and business opportunities. Alongside this, we encouraged international travel trade to increase their knowledge of Britain and to feature more British products in their programmes, by providing trade with BritAgent, our online training tool, and featuring itineraries and the UK supplier directory on our trade website.

We encouraged more visitors to explore Britain's nations and regions by increasing the range of products located outside London to more than 50% on our online shop. British tourism providers were able to promote and sell their products to an international audience through our shop, and by featuring shop products in our B2B and B2C marketing activity, we were able to amplify their reach.

Our commercial activity also raises revenue for the marketing of Britain internationally. This year, £1.9m of net profit from the shop was reinvested back into the organisation.

### 5. Deliver business events wins across the UK

#### Supporting major events bids

The Business Events Growth Programme (formerly the Event Support Programme) has provided financial support and government advocacy to a number of events across the UK over the past year, both in bidding for new international business events and growing the international attendance and profile of business events in the UK

#### Supporting destinations

To build on last year's capacity development, a programme of workshops was developed to support destinations across the UK. These were designed to deliver key skills to the industry such as tradeshow excellence, bidding best practice and implementing ambassador programmes.

#### Developing demand for future business for Britain

MeetGB, a showcase of UK business events products specifically for international event planners took place in London in April 2018. The event was attended by 120 international event planners from Europe and North America and 80 UK destinations and suppliers. Planners attended three days of education visits to 11 UK cities, then continued with a two-day B2B workshop where 3,500 meetings took place.

This was followed by the inaugural MeetGB China event which took place in September 2018 in Edinburgh. 25 Chinese buyers from Beijing, Shanghai, Guangzhou and Shenzhen attended 600 one-to-one meetings with 27 UK suppliers, as well as a series of educationals across the nations and regions of the UK.

UK industry attended five dedicated sales platforms targeting Association Conference Organisers in Paris, Amsterdam and Brussels in the last year. These platforms have already helped secure 2 major events for the UK - the 10th International Congress on Glaucoma Surgery 2020, with 500 delegates, and the Relais & Chateaux annual meeting in 2019, with 550 delegates.

VisitEngland attended the main industry trade shows to provide a platform and visibility for English businesses. IMEX Frankfurt, IMEX America and IBTM world generating over 1,350 leads for the industry between them.

Strategic partnerships have continued to evolve. With PCMA, a US membership organisation of over 7,000 members, VisitBritain held an exclusive event for over 60 association CEOs and business event leaders from across Europe at the European Influencers Summit in Seville, as well as engaging with 4,000 event industry leaders from over 36 countries through a sponsorship activation at Convening Leaders in Pittsburgh. With The Meetings Show, VisitBritain engaged with over 5,000 event professionals, including 400 hosted buyers, through email through sponsorship of the hosted buyer lounge, reinforcing a message of welcome from the UK.

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

The eventsaregreat.com website underwent a transformation with a range of new content on UK business event destinations and venues, as well as a new 'request for proposal' functionality on all pages to capture international business leads more effectively for the UK industry. Alongside this an increase in PR and social engagement with the business events target audience has delivered 49 pieces of coverage to an online readership of 11 million.

### 6. Drive towards operational excellence

#### **Develop the People Strategy to deliver on reward, recruitment, performance and learning**

Learning and development has continued to be a priority, with new courses including *Finance for non-financial managers* and *Change management* being offered during the year. Take up of the online learning platform has been strong with new modules covering GDPR and procurement added. LinkedIn Learning courses remain popular.

The implementation of the performance management system went well with good take up across all departments. For the second year cycle, refresher training sessions have been conducted with managers and staff.

#### **Develop an IT strategy for future proofing key enabling systems**

Our IT application renewal programme continues with the delivery of the Compass HR system implementation including people records, absence management, recruitment and on boarding.

The upgrade of our finance system from Coda version 12 to Unit4 Financials version 14 has been completed

The new Intranet continues to be popular and is being supplemented by tools to improve inter-office collaboration and file sharing.

#### **Continue to review and improve internal processes**

A key focus remains the documenting or updating of our key support services processes and drafting standard operating procedures to support them. Procurement was considered the most urgent and standard operating procedures were published for the key procurement processes in 2018. HR process mapping is underway and the first standard operating procedures have been completed and published.

With the move to market led strategies an initiative is underway to map the business processes supporting this strategy. This provides a common way of working across market teams and ensures roles and responsibilities are understood.

The project management approach continues to take hold with project governance being extended to include additional types of work such as events. Project management tools and techniques are being embedded into business processes such as campaign development and delivery. Agile project management training continues to be offered and supporting tools are being rolled out across the organisation.

## 2. THE ACCOUNTABILITY REPORT

### CORPORATE GOVERNANCE

#### The Director's Report for the Year 2018/19

##### Scope of responsibilities

The British Tourist Authority (BTA) was established by the Development of Tourism Act 1969. It undertakes Britain-wide and England-specific activity respectively under the brands "VisitBritain" and "VisitEngland" in accordance with the governance structure established as a result of the 2015 Spending Review.

VisitBritain and VisitEngland were brought structurally closer together in 2015. Therefore, we have consolidated the accountability for delivery of England and Britain into the remit of a single body under the BTA.

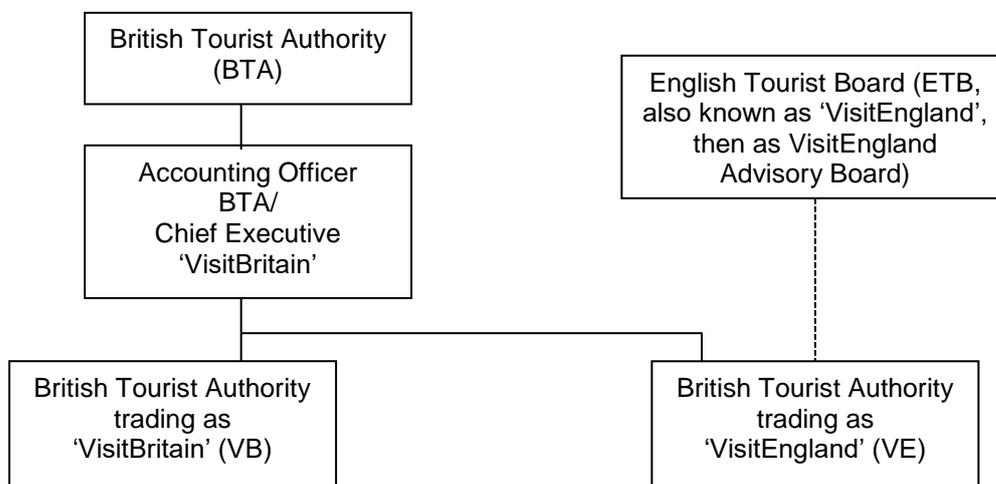
The BTA Board receives advice on English tourism matters from the English Tourist Board (ETB, also known as the VisitEngland Advisory Board). This is the advisory board responsible for advising the Executive and Board of the BTA on the development and implementation of the England Action Plan and provides continued guidance and advice on how best to deliver England activity through the England Action Plan. The VisitEngland Advisory Board, (VEAB), monitors delivery and advises the BTA Board on the progress of the Plan's implementation.

In relation to the Discover England Fund, the VisitEngland Advisory Board advised on the preparation of criteria for assessing bids and its comments and advice were communicated to the BTA Board to inform the BTA Board's decisions.

Given its advisory function, the VisitEngland Advisory Board continues to convene board meetings, no less than four times a year with additional meetings where appropriate.

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

ETB does not receive any income directly from the Exchequer or from any other source. All costs and expenses incurred by VisitEngland connected to ETB's work are met from BTA's resources.



## The Directors' Report for the Year 2018/19 (Continued)

### Organisation

#### **British Tourist Authority (BTA)**

The BTA Board comprises the Chairman, Steve Ridgway CBE, and up to seven other members during the year, six of whom are appointed by the Secretary of State for DCMS and one by the Welsh Assembly. The Chairman of ETB and of VisitScotland sit on the Board in an ex-officio capacity. In addition, during the year, Katy Best, Giles Smith and Mark Taylor attended Board meetings by invitation as observers in their capacity as members of the boards of the Northern Ireland Tourist Board and London & Partners.

The DCMS appointed Chairs for the BTA Board and the VisitEngland Advisory Board, Steve Ridgway CBE as BTA Chairman and Denis Wormwell as Chairman of the VisitEngland Advisory Board.

Three sub-committees report to the Board; the VisitEngland Advisory Board, the Audit Committee and the Remuneration Committee. Members of these three Committees during the year are identified below.

#### **Chief Executive Officer: Sally Balcombe\***

<b>British Tourist Authority Board Members</b>	<b>Appointed</b>	<b>Appointment Expiry</b>
Stephen Ridgway CBE (Chairman)*	11-Jul-13	30-Jun-20
Lord John Thurso**	01-Apr-16	31-Mar-22
Denis Wormwell* ** ***	01-Apr-17	31-Mar-20
Ian Edwards**	17-Dec-18	16-Dec-21
John Lindquist***	15-Mar-10	14-Sep-19
Ian McCaig*	13-Feb-14	12-Feb-22
Dame Judith Macgregor*	01-Dec-17	30-Nov-20
Angela Bray	01-Jan-16	31-Dec-18

#### **British Tourist Authority Board Observers**

<b>Position, Organisation</b>
Katy Best
Giles Smith
Mark Taylor
Hazel Cunningham ****

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

\*\* Rt. Hon. Viscount Thurso and Denis Wormwell sit on the Board in an ex-officio capacity in their roles as Chairman of VisitScotland and VisitEngland respectively. Ian Edwards was appointed by the Welsh Assembly.

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

\*\*\*\* Left BTA in January 2020

## The Directors' Report for the Year 2018/19 (Continued)

### English Tourist Board (ETB, also known as VisitEngland Advisory Board)

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

English Tourist Board Members	Appointed	Appointment Expiry
Denis Wormwell (Chairman)* **	22-Jun-09	31-Mar-20
Fiona Pollard (Interim Chairman)***	01-Apr-20	30-Jun-20
Nigel Halkes*	13-Jan-14	12-Jan-22
John Hoy	30-May-11	31-Oct-19
Sarah Stewart OBE	30-May-11	31-Oct-19
Allan Lambert	05-Mar-18	04-Mar-22
Dr Andy Wood OBE DL	06-Jan-20	05-Jan-25
Nadine Thompson	06-Jan-20	05-Jan-25
Sarah Fowler	06-Jan-20	05-Jan-25

English Tourist Board Observers	Position, Organisation
Suzanne Bond	Former Chief Executive, Cornwall Development Agency
Stephen Darke	DCMS
Hazel Cunningham ****	Executive Director, Finance and Business Services, BTA

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

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

\*\*\* Fiona Pollard was appointed as a Board member for 4 years from March 2018.

\*\*\*\* Left BTA in January 2020

Sally Balcombe attends VisitEngland Advisory Board meetings in her capacity as BTA Accounting Officer/Chief Executive Officer, BTA

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

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

<https://www.visitbritain.org/our-team>

### Audit arrangements

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

The fees paid to the NAO for audit services amount to £90,000 (2017/18: £61,000), and there are no other services provided by the NAO.

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



Sally Balcombe  
Accounting Officer BTA, 14 May 2020

## Statement of Corporate Governance by the Accounting Officer

### Scope of Responsibility

The British Tourist Authority responsibilities under the Act and its wider governance arrangements are explained in detail in the Directors' Report on page 29. BTA is sponsored, and part funded, by the Department for Digital, Culture, Media, and Sport which was confirmed through the funding letter of the 3 March 2016 for the financial year 2018/19.

During 2018-19 (and 2019-20) BTA continued work to develop high standards of governance and ethical behaviour and adopt systems and implementation arrangements which are appropriate for its business. As documented below a number of compliance issues arose in both 2017-18 and 2018-19 and are now known to have also arisen in 2019-20.

### The Governance Framework

The Chairman of the BTA is accountable to the Secretary of State for DCMS for the performance of the BTA in its Britain and England activities.

The BTA Board is responsible for ensuring that VisitBritain and VisitEngland operate within the terms of the Development of Tourism Act 1969 and for overseeing the delivery of planned results. In carrying out its responsibilities in relation to VisitEngland, the BTA Board is advised by the Advisory Board of ETB which I attend in my capacity as BTA Accounting Officer/Chief Executive Officer.

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

- Maintaining accountability for delivery of all activity on British and English tourism.
- Maintaining both VisitBritain and VisitEngland brands.
- Establishing the overall strategic direction of VisitBritain and VisitEngland and subsequently monitoring performance against the targets set out in the Business Plans, Management Agreement or which are attached to any other sources of Government funding.
- Consulting with the VisitEngland Advisory Board as appropriate for advice on English tourism matters (but not delegating final decision making to the VisitEngland Advisory Board).
- Ensuring that it fulfils its role under the Development of Tourism Act 1969 and meets the aims and objectives established by the Secretary of State for DCMS as set out in the Management Agreement.
- Ensuring it takes account of any guidance received from DCMS in reaching its decisions; and complies with statutory and administrative requirements for the use of public funds.
- Ensuring that high standards of corporate governance are observed at all times.

The BTA Board is supported by the work of the Audit and Remuneration Committees.

As Accounting Officer, I have responsibility for accounting to Parliament, DCMS, the BTA's Board and other stakeholders. I am personally responsible for safeguarding the public funds for which I am in charge; for ensuring propriety and regularity in the handling of those public funds; and, reporting to the Board of the BTA, for the day-to-day operations and management of the BTA and the achievement of its strategic aims.

In addition, I ensure that the BTA as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in HM Treasury's "Managing Public Money".

As Accounting Officer, I am responsible for the day-to-day operations and management of BTA and remain accountable to DCMS and to Parliament for the income and expenditure of all BTA work carried out under the VisitBritain and VisitEngland brands.

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

I am supported by a team of operational Executive Directors, including the Director of Finance and Business Services who has responsibility for financial and compliance matters, and the Secretary to the Boards who supports both Boards and is a member of the Executive Team.

Information and reporting systems are in place to assist in monitoring progress against financial and non-financial targets and to provide access to detailed management and transactional information.

### **Compliance with HM Treasury and Cabinet Office's Code of Good Practice 2017**

BTA complies with HM Treasury and Cabinet Office's Code of Good Practice 2017 in relation to Corporate Governance to the extent that it is relevant and appropriate to BTA. However Mazars, the internal auditors, have not been invited to attend any Board meetings during the year, although they attend all Audit Committee meetings.

### **The effectiveness of the Governance Framework**

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

BTA has governance policies and procedures in place which are subject to regular testing and review, however, various audits have identified a number of areas requiring improvement which we have been addressing. Further details are provided in the report of the Comptroller and Auditor General.

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

We have to operate within other Government Governance Frameworks, such as the communications spend controls (Cross Government Professional Assurance), which related to marketing and advertising expenditure to ensure value for the taxpayer. Activity and expenditure in respect of GREAT funding is scrutinised by the GREAT Programme Board.

The Discover England Fund is implemented by an established governance model, this includes a comprehensive programme board for assessment and decision making followed by an independent awards panel. This process enables the BTA Board to make informed decisions when approving bids.

The BTA (VisitBritain and VisitEngland) Management Accounts are produced on a monthly basis and available for all budget holders to monitor their budget. The Executive Directors review the Management Accounts and performance report quarterly to check performances are on target against planned results.

BTA Board review the latest Management Accounts at each of their meetings, as does the Audit Committee. We also meet with and report to our Government Sponsor Department throughout the year, in compliance with our Management Agreement. In particular we conduct a quarterly review process with DCMS officers through which we highlight performance achievements against targets as well as risks and respective mitigation strategies.

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

### **Board Governance**

The composition and membership of the BTA Board is reported below. I attend every meeting as does the Director of Finance & Business Services.

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

Appointments or re-appointments are normally for periods ranging from a minimum of three years to a maximum of five. The maximum term any BTA Board member can serve continuously is 10 years.

The Chairman ensures that all Members of the BTA Board, when taking up office, are fully briefed on the terms of their appointment and on their duties and responsibilities.

All new Board Members receive a comprehensive induction pack, which includes copies of all relevant governance material, and attend an induction session with the Chief Executive Officer and Directors.

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

BTA Board Meetings held between April 2018 and March 2019 took place on following dates:

1. 21 June 2018
2. 18 September 2018
3. 10 October 2018 (*Joint Board Strategy Day*)
4. 4 December 2018
5. 30 January 2019
6. 19 March 2019

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

The attendance by individual Board Members, Observers and Committee Members at meetings during 2018/19 was as follows:

	<b>Board Member / Observer / Independent Seconded</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Remuneration Committee Meetings Attended</b>
Steve Ridgway CBE	Chairman of the Board and Remuneration Committee	6 (6)		2 (2)
Denis Wormwell	Board Member and member of the Audit and Remuneration Committees	6 (6)	5 (5)	2 (2)
Sally Balcombe	Chief Executive Officer and attendee to the Remuneration and Audit Committees	6 (6)	5 (5)	2 (2)
Katy Best	Observer	5 (6)		
Giles Smith	DCMS	6 (6)		
Angie Bray	Board Member	4 (6)		
Hazel Cunningham	Executive Director, Finance and Business Services, BTA	6 (6)	5 (5)	
Hugh Green	Independent Member of the Audit Committee		4 (5)	
Nigel Halkes	Member of the Audit Committee (VEAB Member)		4 (5)	
John Lindquist	Board Member and Chairman of the Audit Committee	6 (6)	5 (5)	
Ian Edwards***	Board Member	2 (2)		
Jason Thomas**	Board Member	4 (5)		
Ian McCaig	Board Member and member of the Remuneration Committee	6 (6)		2 (2)
Mark Taylor	Observer	6 (6)		
Rt. Hon. Viscount Thurso	Board Member	6 (6)		
Dame Judith Macgregor	Board Member	6 (6)		

\*\* Jason Thomas attended four Board Meetings in June, September, October 2018 and January 2019 as the Board representative for the Welsh Government.

\*\*\* Ian Edwards attended two Board Meetings in January 2019 and March 2019 in his capacity as Chair of the Welsh Government's Tourism Board which commencing in December 2018.

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

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

The register of Board Members' interests is available on request from the Secretary to the Board. Employees are also asked to declare potential conflicts of interest and a separate register is maintained to record these. In addition, at all Board and Committee meetings Members are required to declare an interest if they or their close family have an interest, financial or otherwise, in any matter being considered at the meeting. The Board or Committee will then decide whether or not it is appropriate for the Member to participate in the discussion on the item in question. In 2018/19 there were no withdrawals from Board or Committee discussions.

### **Whistle Blowing**

The BTA is committed to providing a fair and open culture and has a Whistleblowing policy in place documenting the procedures to allow employees to raise any issues, freely and without concern, with their line manager. The policy is available to all staff via the corporate intranet. The policy explains how employees or others may make a disclosure or "blow the whistle" on any element of the organisation's activity, which they perceive is contrary to its' policies and the Standards of Conduct Policy, and falls within the category of malpractice.

Our Sponsor Department DCMS received a whistleblowing complaint from a VisitBritain employee in 2018-19. The whistleblowing complaint was handled under the DCMS Whistleblowing and Raising a Concern Procedure. VisitBritain was not involved with the whistleblowing process and has not seen the details, as a result we were unable to check the statements made. We received confirmation from DCMS in December 2019 that the whistleblowing complaint had been closed since the matters raised form part of an ongoing programme of work that DCMS was undertaking, including audits of VisitBritain by The Government Internal Audit Agency (GIAA) and DCMS HR.

In June 2019 we became aware of another whistle blowing incident that was reported directly to the NAO. No details have been provided to the BTA, as a result we have not been able to check the statements made. Evidence was collected by the NAO and shared with DCMS, as the sponsor department, in October 2019, as the matters related to governance, to decide on next steps. In January 2020 the NAO confirmed the matter was now between DCMS and BTA and would not hold up the finalisation of the 2018-19 Annual report and Accounts as far as the NAO was concerned. DCMS have agreed that the matter is now closed but have asked that we develop an assurance map and supporting framework. This will be a useful tool for BTA in understanding where there may be gaps in assurance and support the BTA in ensuring there is an effective and efficient framework in place to give sufficient, continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success.

### **The Work of the Board in 2018/19**

During 2018/19 the Board reviewed progress against the agreed corporate priorities and also considered a number of key programmes and change management initiatives. These included:

- Continued to market Britain overseas to drive growth in international leisure and business tourism.
- Maintained distinct activities to develop and market English tourism.
- Developed the "I Travel For..." campaign strategy.
- Continued to review the options for the current pension arrangements to ensure future compliance with HM Treasury requirements for public sector pension reform.
- Continued to build the commercial partnership strategy.
- Continued to manage the Discover England Fund.

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

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

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

- Industry performance is assessed using data from independent third party sources such as the ONS International Passenger Survey and insights and market intelligence gathered on territory by our managers. Relevant data is presented to the Board at each meeting.
- Financial data is provided by our Financial Information System from which the management accounts and comparisons to budget are produced. These, together with commentary, are provided to the Audit Committee and Board at each meeting. The performance for the financial year is also monitored monthly and reported to the Board.
- A range of human resources data and metrics are reported on a quarterly basis including but not limited to diversity, off payroll and pay remit. The Remuneration Committee considers and approves, on behalf of the Board, performance pay proposals and payroll benchmarking data.
- Non-financial performance reports, including separate reports on our retail activity, enable the Board to monitor progress against corporate and business plan targets. These include measures of campaign performance and PR reach and effectiveness. Evaluation is based on tourism industry standards for campaign performance, compiled by internal experts. Measures also exist for digital, including social media, and marketing in-kind.
- Progress reports on major areas of programme activity and reviews of the competitive landscape and the issues which impact on Britain's performance as a global destination in each of the territories in which VisitBritain operates are presented to the Board on a regular basis.
- Reports on VisitEngland's financial and non-financial performance are presented quarterly to allow the Board to track progress on business plan objectives and budgetary compliance.

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

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

### **BTA Board Sub Committees**

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

### **VisitEngland Board**

During 2018/19 the VisitEngland Board reviewed progress against VisitEngland's agreed corporate priorities and considered a number of key programmes and change management initiatives, including the following:

- Oversight of Discover England Fund awards, ensuring the development of English tourism products launched in market.
- Maintaining distinct activities to develop and market English tourism.
- Consumer campaigns and digital content delivered.
- Continued to develop the Business Events strategy for England.
- Maintained strategic partnerships.

### **The Remuneration Committee**

The Remuneration Committee consists of four members: the Chairmen of BTA and ETB and two other members of the Boards of BTA and ETB. The Chief Executive Officer, Director of Finance & Business Services and the Head of People and Talent attend meetings as required but no member of staff, including the Chief Executive, is present when their remuneration is being discussed.

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

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

### The Audit Committee

The Audit Committee meets at least four times a year and its remit reflects the good practice principles for Audit and Risk Assurance Committees in central government as set out in HM Treasury's Audit and Risk Assurance Committee Handbook (April 2016).

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

An annual programme of internal audit work is agreed with the Audit Committee on those areas which are considered to be of higher risk or which may be of an innovative nature or where it is appropriate to carry out a review of existing systems. The Committee reviews this programme during the year to re-allocate resources to areas of risk which come to its attention.

During the year, the Audit Committee has continued to scrutinise the internal controls and risk management. Key areas of review this year have included:

- Business Continuity Planning
- GREAT Evaluation Methodology
- Discover England Fund; Digital Platform
- Intellectual Property
- Systems Development and Investment
- International Overseas Operations

The Committee also instituted a regular review process for updating corporate and accounting policies, which included in 2018-19:

- Policy revisions in response to the new GDPR regulations: Back-up Archive, Data Retention, Records Management policies.
- IFRS 15 – Revenue Recognition.

Following a Government internal audit framework competitive process, Mazars were appointed as internal auditors running through to 31 March 2020. In accordance with the contract, Mazars appointment has been extended to 31 March 2021.

The Internal Audit Annual Report for the year ended 31 March 2019 produced by Mazars states:

*'On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. We raised three recommendations that were Priority 1 (Fundamental); these all related to our work in regards to Expenses and IR35. We also identified further work is to be done to address previously raised recommendations on Workforce Development; specifically, within recruitment. We have recommended that should be addressed as a matter of priority. All matters have been discussed with management, to whom we have made a number of recommendations'*

### **Executive**

The Board appoints and employs the Chief Executive, who leads an Executive Director team. The Executive team are responsible for the management and performance of the organisation and the delivery of the strategy on behalf of the Board under the Financial Control Framework and procedures approved by the Board. Executive appointments are filled through open recruitment. Executive Directors who served during 2018/19 are listed on page 45.

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

### Overall Control Environment

The Audit Committee has:

- Reviewed all internal audit reports and management responses and monitors progress on the implementation of any agreed recommendations.
- Followed an annual work programme.
- Reviewed the corporate risk registers to satisfy itself that risks are being well managed and that all new emerging risks have been identified.
- Reviewed the Annual Report and Accounts prior to submission to the Board and any matters arising from the audit of the Accounts by the National Audit Office.

BTA has suffered no protected personal data incidents during 2018/19 and has therefore made no report to the Information Commissioners office.

We have not received any Ministerial Directions during the year.

### Key Governance Issues

Recognising that the 2017-18 Accounts were qualified on regularity grounds and subsequent discoveries, set out below, BTA and the Audit Committee's focus in 2018-19 (and in 2019-20), was on a range of compliance issues.

In 2018-19 the Audit Committee considered and agreed a number of recommendations from the NAO and Mazars. Key areas of consideration and assurance included:

Compliance with policies, procedures and regulations has been an area of further focus in 2018-19 and ramped up further in 2019-20; ensuring awareness and understanding across all our global operations. In response to reviews conducted, including those in conjunction with DCMS, which covered aspects of procurement, funds management and HR, we have strengthened a number of procedures across these areas and developed a range of compliance training some of which has been delivered via a new e-platform. The platform facilitates the monitoring of take up of training across teams and staff understanding, thus enabling us to target additional training, support or other necessary, management planning.

The Audit Committee has also endorsed a new governance process which commenced in 2018-19; requiring each of the Executive Directors to complete an Annual Assurance Statement to the Accounting Officer in respect of their delegated responsibilities across functional and portfolio areas.

The Audit Committee discussed in detail the HR workforce development audit recommendations made by the Internal Audit team and management responses. This review highlighted procedural weaknesses that touched on other areas. The Compliance Taskforce (see below) have taken this work forward and newly created Remuneration and People Committee (RemCo - see below) is now overseeing this work.

As highlighted in the Head of Internal Audit report, "All of these have been, or are in the process of being addressed, as detailed in our individual report." The Audit Committee has endorsed the action plan which is now in progress.

### **Audits after 31 March 2019**

At the request of DCMS, GIAA conducted an audit on BTA procurement and grant management controls which was completed in July 2019. The key areas of concern identified in the audit were around sub -£25,000 procurements and single tender actions.

A parallel internal audit conducted by Mazars completed in August 2019 in respect of expenses and IR35 identified concerns around IR35 compliance and expense payments.

The Management Agreement between BTA and DCMS, requires BTA to obtain DCMS approval where a single tender action (STA) is the selected procurement route and the contractual commitment is £50,000 or more. During the annual audit conducted by the NAO, they found evidence of non-compliance with this and identified the following breaches: where BTA had:-

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

- (i) Entered into single tender agreements with four contractors without having sought prospective approval from DCMS. These contracts were for £409,000 in total.
- (ii) Sought DCMS approval for three single tender agreements and entered into contracts in the absence of their approval. £570,000 was spent with these suppliers.
- (iii) Received approval from DCMS for two single tender agreements but expanded the contractual engagement beyond the parameters of DCMS approval. The unapproved expenditure was £257,000.

Once NAO had raised these matters, BTA secured retrospective approval from DCMS for one transaction of £121,000, which left £1.115m of expenditure for which DCMS declined retrospective approval.

NAO undertook an investigation into procurement activities in 2015 and provided a report of findings and recommendations. One of the actions implemented following this report was to notify the Audit Committee of all single tender actions. However, three contracts were found where the Audit Committee received no notification.

BTA accepts that these transactions were irregular and as a result the CAAG has qualified his opinion on the regularity of these financial statements. This has not impacted the true and fair opinion.

Our internal control process relied on manual processes to ensure that appropriate procurement processes are followed and where required sought DCMS approval before a purchase order was raised. It is now clear that not all staff were aware of the rules and guidance; in many cases staff did not have the necessary skills, or have the necessary information in order to decide whether or not DCMS' prior authorisation was required before proceeding.

Neither the NAO, various internal audits (undertaken by Mazars or those undertaken at DCMS' request by Government Internal Audit Agency) nor internal reviews by my own team have found any evidence of fraudulent behaviour.

Subsequent to the identification of issues by Internal Audit (in August 2019), Government Internal Audit Agency (in August 2019) and the NAO (identified in September 2019) we immediately began a range of actions including: -

- Set up a Compliance Sub-Committee of the BTA Board to give oversight to the actions being taken to address these issues.
- Created a Compliance Taskforce (led by the CEO and attended by a DCMS representative) ensuring suitable buy in from all parties and delivery of a range of actions identified in an agreed plan.

As the GIAA audit was commissioned by DCMS and BTA responses to the recommended actions required sharing with DCMS a series of workshops and fortnightly meetings with DCMS Commercial were arranged to work through the various procurement challenges, and ensure that appropriate guidance and training is provided. BTA undertook a complete review of all the procurement areas identified in the GIAA report.

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

In January 2020 the Audit Committee was renamed the Audit & Risk Committee (ARC). A new Audit and Risk Committee Chair (Carol Hui) was appointed in January 2020 – she has commissioned a review of the ARC Terms of Reference and intends to continue to have regular meetings with NAO, Internal Audit and key personnel in BTA.

Additional appointments have been made to the Audit and Risk Committee in March 2020 with Peter Gowers and Fiona Pollard joining as new members.

Internal audit has completed fieldwork (part of the 2019-20 Internal Audit programme) on an audit on governance (including structures and performance) as yet the report has not been finalised.

We are continuing to build on the above compliance work, subject to appropriate funding being secured, by developing a transformation programme which will seek to accelerate the pace of change, revise the approach being taken to risk management, including putting in place suitable governance and assurance frameworks that will inform the ARC in supporting, challenging and making recommendations to the Accounting Officer. In addition, we plan to address the under investment in various corporate systems including a contract management system.

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

In 2020 I have also appointed a Finance & Business Services Director, and enhanced the executive team with a new HR Director both of whom (are on secondment from DCMS) bring with them a wealth of experience from central government and an excellent appreciation of the control regime that should exist in an Arm's Length Body.

A handwritten signature in cursive script that reads "Sally Balcombe". A long, thin horizontal line is drawn below the signature, extending to the right.

Sally Balcombe  
Accounting Officer  
BTA  
14 May 2020

## REMUNERATION AND STAFF REPORT

### Remuneration Report

#### Remuneration Report Policy for Staff

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

During the year BTA implemented pay increases, in line with DCMS guidelines, limited to 1.5% of the annual consolidated salary bill and one-off non-consolidated annual performance bonus payments limited to the same percentage (2.74%) of the annual salary bill. The payment of both consolidated pay (pensionable) and non-consolidated bonus payments (non-pensionable) is performance-related and depends on the outcome of annual performance review of objectives and competencies and on staff being in post on 1 August 2018. The maximum consolidated payment made was 1.41% of basic pay and the maximum non-consolidated payments was 8.5%. Payments to Directors were made in line with the Director's remuneration policy.

#### Remuneration of Boards

The new Chairman was appointed on a lower rate, in accordance with the thresholds set by DCMS. New board members have also been appointed on the same principles.

## Remuneration Report (Continued)

The information in pages 43 - 49 falls within the scope of the Comptroller and Auditor General's audit opinion on the accounts and is audited.

### BTA Board members' remuneration:

	Remuneration 2018/19 £	Remuneration 2017/18 £
Steve Ridgway CBE	40,000	40,000
John Lindquist	9,435	9,435
Ian McCaig	9,435	9,435
Dame Judith Macgregor *****	7,680	2,560
Angela Bray *****	7,076	9,435
Denis Wormwell*	-	-
Ian Edwards***	-	-
Margaret Llewellyn OBE*	N/A	-
Rt. Hon. Viscount Thurso *	-	-
	<b>73,626</b>	<b>70,865</b>
Pensions to former Chairmen	14,454	15,268
<b>Total remuneration</b>	<b>88,080</b>	<b>86,133</b>

### British Tourist Authority Board Observers\*\*

Katy Best

Giles Smith

Jason Thomas

Mark Taylor\*\*\*\*

Hazel Cunningham

### Position, Organisation

Board Member, Northern Ireland Tourist Board and  
Commercial Director, Belfast City Airport

DCMS

Board representative for the Welsh Government.

Board Member, London & Partners

Executive Director, Finance and Business Services, BTA

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

\* Margaret Llewellyn, Rt. Hon. Viscount Thurso and Denis Wormwell sit on the Board in an ex-officio capacity in their roles as Chairmen of VisitScotland and VisitEngland respectively, and do not receive any remuneration from VisitBritain.

\*\* Observers receive no remuneration but Hazel Cunningham was remunerated by VisitBritain as Director of Finance and Business Services of VisitBritain.

\*\*\* Ian Edwards attended two board meetings in his capacity as Chair of the Welsh Government's Tourist Board and received no remuneration.

\*\*\*\* Mark Taylor attended his first board meeting as an observer on 21 June 2018.

\*\*\*\*\* Dame Judith Macgregor joined the BTA Board in December 2017.

\*\*\*\*\* Angela Bray's term expired on 31st December 2018.

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**Remuneration Report (Continued)****VisitEngland Board members' remuneration:**

	Remuneration 2018/19 £	Remuneration 2017/18 £
Denis Wormwell (Chairman)	16,560	16,560
Allan Lambert	-	-
Nigel Halkes	9,435	9,435
John Hoy	9,435	9,435
Sarah Stewart OBE	9,435	9,435
Fiona Pollard**	3,300	275
<b>Total remuneration</b>	<b>48,165</b>	<b>45,140</b>

**English Tourist Board Observers\*****Position, Organisation**

Suzanne Bond	Former Chief Executive, Cornwall Development Agency
Stephen Darke	DCMS
Hazel Cunningham	Executive Director, Finance and Business Services, BTA

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

\* Observers receive no remuneration except for Hazel Cunningham in her capacity as Director of Finance and Business Services of VisitBritain.

\*\* Fiona Pollard joined the ETB Board in March 2018.

**Remuneration of CEOs and Directors*****Remuneration of CEOs***

The basis of the Chief Executive Remuneration packages is set out in the contract of employment and stipulates that they are eligible to be considered for an annual performance bonus of up to 12.3%, capped at £17,500 for the current VisitBritain's CEO subject to the approval of the Remuneration Committee. In each case, the Remuneration Committee approved the Chairman's recommendation to award the Chief Executive the maximum bonus payable in recognition of her outstanding performance during the performance year under review. The bonus was non-consolidated and a consolidated increase of 4% was also awarded.

***Remuneration of Directors***

Each Director is set personal objectives linked to the Business Plan which are assessed at the end of the business year taking into account the results achieved. Assessments are used to determine increases to base pay and annual performance bonus payments. Bonus payments are based on performance levels attained and are made as part of the appraisal process. The maximum bonus payment for the Directors was 8.75%. All payments are based entirely on performance, no discretion was exercised. Payments were approved by the Remuneration Committee.

Remuneration Report (Continued)

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

2018/19	Salary & allowances (£'000) <sup>1</sup>	Bonus Payments (£'000) <sup>8</sup>	Accrued pension benefits during the year <sup>3</sup> (£'000)	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at Retirement Age (£'000)	Total accrued pension at Retirement Age as at 31.03.2019 (£'000)	Cash equivalent transfer value as at 31.03.2019 (£'000)	Cash equivalent transfer value as at 31.03.2018 (£'000)	Real increase cash equivalent transfer value less Director Contribution (£'000) <sup>2</sup>
Sally Balcombe (Accounting Officer BTA/CEO VB) <sup>4</sup>	170-175	15-20	49	235-240	20-25	2.5-5	10-15	332	234	85
Hazel Cunningham (Director, Business Services) <sup>4</sup>	120-125	5-10	33	160-165	15-20	0-2.5	5-10	190	130	50
Patricia Yates (Director, Strategy and Communications) <sup>4</sup>	115-120	5-10	25	145-150	25-30	0-2.5	25-30	881	816	40
Robin Johnson (Director, Europe) <sup>4</sup>	105-110	5-10	25	140-145	25-30	0-2.5	20-25	574	474	83
Carol Dray (Director, Commercial) <sup>4</sup>	120-125	5-10	33	160-165	15-20	0-2.5	5-10	168	106	53
Clare Mullin (Director, Britain Marketing) <sup>4</sup>	120-125	5-10	33	160-165	15-20	0-2.5	0-5	95	47	41
Andrew Stokes (Director, England) <sup>4</sup>	110-115	5-10	30	150-155	10-15	0-2.5	5-10	146	89	49
Trisha Warwick (Director, APMEA Region) <sup>5</sup>	135-140	0	0	135-140	0	0	0	0	0	0
Gavin Landry (Director, Americas) <sup>4 6</sup>	115-120	0-5	0	120-125	0	0	0	0	0	0
Manuel Alvarez (Director, China and North East Asia) <sup>7</sup>	75-80	0	0	75-80	0	0	0	0	0	0

<sup>1</sup> No benefit in kind was paid in 2018/19

<sup>2</sup> The Real increase cash equivalents takes into account an assumed rate of revaluations of 2.4% in line with the Government's statutory revaluation order for 2018/19

<sup>3</sup> Accrued pension benefits is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less the contributions paid by the individual.

<sup>4</sup> All directors have a retirement age of 65, except Robin Johnson and Patricia Yates who have a normal retirement age of 60.

<sup>5</sup> No pension contribution of Trisha Warwick as there are no pension arrangements for staff based in Dubai.

<sup>6</sup> US pension scheme is non-contributory scheme and members need three years continuous service to accrue benefits.

<sup>7</sup> Manuel Alvarez was appointed in July 2018 with an FTE of £110k-£115k. There are no pensions arrangements for staff in China.

<sup>8</sup> Bonus payments relate to performance in the previous year (2017/18)

British Tourist Authority trading as VisitBritain and VisitEngland

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Remuneration Report (Continued)

2017-18

Name	Salary & Allowances (£'000) <sup>1</sup>	Bonus Payments (£'000)	Accrued pension benefits during the year (£'000)	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at Retirement Age (£'000)	Total accrued pension at Retirement Age as at 31.03.2018 (£'000)	Cash equivalent transfer value as at 31.03.2017 (£'000)	Cash equivalent transfer value as at 31.03.2018 (£'000)	Real increase cash equivalent transfer value (£'000) <sup>2</sup>
Sally Balcombe (Accounting Officer BTA/CEO VB)*	165-170	15-20	43	225-230	20-25	0-2.5	5-10	166	234	56
Hazel Cunningham (Director, Business Services) <sup>4</sup>	120-125	10-15	34	165-170	15-20	0-2.5	5-10	85	130	37
Patricia Yates (Director, Strategy and Communications) <sup>4</sup>	115-120	10-15	25	150-155	25-30	0-2.5	25-30	809	816	-23
Robin Johnson (Director, Europe) <sup>4</sup>	105-110	10-15	26	145-150	25-30	0-2.5	20-25	412	474	45
Carol Dray (Director Commercial) <sup>4</sup>	120-125	15-20	34	170-175	15-20	0-2.5	0-5	55	106	44
Clare Mullin (Director, Britain Marketing) <sup>4</sup>	110-115	0-5	39	150-155	15-20	0-2.5	0-5	7	47	38
Sumathi Ramanathan (Director, APMEA Region) <sup>3 4 7</sup>	155-160	0	0	155-160	0	0	0	0	0	0
Paul Gauger (Interim Director, Americas) <sup>4 6</sup>	105-110	5-10	11	125-130	10-15	0-2.5	5-10	174	200	18
Andrew Stokes (Director, England) <sup>4</sup>	110-115	5-10	32	150-155	10-15	0-2.5	0-5	46	89	38
Gavin Landry (Director, Americas) <sup>5 8</sup>	70-75	0	0	70-75	0	0	0	0	0	0
Trisha Warwick (Director, APMEA Region) <sup>5</sup>	115-120	0	0	115-120	0	0	0	0	0	0

<sup>1</sup> No benefit in kind was paid in 2017-18

<sup>2</sup> The real increase in cash equivalent takes into account an assumed rate of revaluation of 3%, in line with the Government's statutory revaluation order for 2017/8

<sup>3</sup> Sumathi Ramanathan left BTA on 21st August 2017. Her final settlement included £90-95k accrued statutory entitlement in respect of "end of year" service

<sup>4</sup> All directors have a normal retirement age of 65, except Robin Johnson and Patricia Yates who have a normal retirement age of 60. No pension contribution for Sumathi Ramanathan as there are no pension arrangements for staff based in Dubai.

<sup>5</sup> Gavin Landry was appointed as director on 23rd August 2017 with an FTE of £110k - 115k. • Ms T Warwick's services as an Interim Director of APMEA region were procured by the BTA through Scherwick Group Ltd and the service started in August 2017 and ended in May 2018 when she officially joined BTA on a permanent contract with an FTE of £134,000. For 2017/18, expenditure of £119,246 was incurred in respect of her services.

<sup>6</sup> Paul Gauger served as interim director until 31st December 2017 on FTE £143,000 & paid in local currencies converted back to GBP

<sup>7</sup> Sumathi Ramanathan's salary includes an allowance for accommodation and travel of £2.3k. Paul Gauger's salary includes an accommodation allowance of £55.2k

<sup>8</sup> No pension contribution for Gavin Landry as he is only eligible to join the US pension scheme after twelve months of service.

### Remuneration Report *(Continued)*

'Salary' includes gross salary, consolidated performance pay and any other allowances. Bonuses paid are accounted for separately. The pension benefits for the Executives are provided through the British Tourist Boards' Pension Scheme (see Note 26 to the Accounts).

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid Director in BTA in the financial year 2018/19 was £190,000-£195,000 (2017/18 - £180,000-£185,000). This was 4.7 times (2017/18: 5.1) the median remuneration of the workforce, which was £40,946 (2017/18: £36,326). This increase in remuneration is a result of the global pay review, undertaken in 2018/19. The median remuneration is based on all UK and overseas staff only; it excludes agency workers and contractors.

No employees were paid more than the highest paid director. Remuneration ranged from £10,000 to £195,000 (2016/17: £5,000 - £185,000). Total remuneration includes salary, non-consolidated performance-related pay, bonuses and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.



Sally Balcombe  
Accounting Officer  
BTA  
14 May 2020

## Staff Report

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

### Staff costs

Staff costs comprise:

	2019			2018		
	Permanent Staff	Others	Total	Permanent Staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs (including Directors) comprise:						
Salaries	8,939	5,061	14,000	8,037	4,103	12,140
Social Security costs	1,006	659	1,665	920	581	1,501
Other pension costs	4,501	81	4,582	3,070	87	3,157
<b>Administration operating staff costs</b>	<b>14,446</b>	<b>5,801</b>	<b>20,247</b>	<b>12,027</b>	<b>4,771</b>	<b>16,798</b>

### Consultancy and Contingent labour

There were no consultancy cost included within staff costs, Contingent labour costs were £1,139K (2017/18 £714k).

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	2019	2018
	Number	Number
Permanent (UK) staff	188	173
Other Staff	114	97
<b>Total staff numbers</b>	<b>302</b>	<b>270</b>

**Staff Report** *(Continued)***Exit packages**

Redundancy and other departure costs have been paid in accordance with the provisions of BTA's Premature Retirement and Redundancy policy. Exit costs (which includes pension enhancement costs) are accounted for in full in the year of departure. Where BTA has agreed early retirements, the additional costs are met by BTA and not the BTBP Scheme.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2018/19	(2017/18)	2018/19	(2017/18)	2018/19	(2017/18)
<£10,000	-	4	1	1	1	5
£10,000 - £25,000	2	2	-	-	2	2
£25,000 - £50,000	-	3	-	-	-	3
£50,000 - £100,000	-	1	-	-	-	1
£100,000- £150,000	-	-	-	-	-	-
£150,000- £200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
<b>Total number of exit packages by type (total cost)</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>11</b>
<b>Total resource cost</b>	<b>£30,577</b>	<b>£230,890</b>	<b>£3,451</b>	<b>£4,000</b>	<b>£34,028</b>	<b>£234,890</b>

**Staff Report** *(Continued)*

**Consultancy Expenditure**

Included within support costs is £131.6k of consultancy expenditure for the year ending 31 March 2019 (£149k - 2017/18).

**Tax policy for off-payroll appointees**

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

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

The tables below show the number of off-payroll engagements. Note: table 3 shows the number of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, between 1 April 2018 and 31 March 2019. This is a wider definition than is used for determining which individuals should be included in the Remuneration Report.

Table 1: For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months.

<b>No. of existing engagements as of 31 March 2019</b>	<b>4</b>
Of which...	
No. that have existed for less than one year at time of reporting.	<b>2</b>
No. that have existed for between one and two years at time of reporting.	<b>1</b>
No. that have existed for between two and three years at time of reporting.	<b>0</b>
No. that have existed for between three and four years at time of reporting.	<b>1</b>
No. that have existed for four or more years at time of reporting.	<b>0</b>
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.	<b>Confirmed</b>

**Staff Report** *(Continued)*

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months.

<b>No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019</b>	<b>2</b>
Of which...	
No. assessed as caught by IR35	<b>2</b>
No. assessed as not caught by IR35	<b>0</b>
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	<b>0</b>
No. of engagements reassessed for consistency / assurance purposes during the year.	<b>0</b>
No. of engagements that saw a change to IR35 status following the consistency review	<b>0</b>

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	<b>0</b>
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	<b>19</b>

**Employment**

The number of employees at 31 March 2019 classified by gender is as follows:

	Male	Female
Senior Executives	4	6
Total number of employees	89	209
	<u>93</u>	<u>215</u>

**Staff Report (Continued)****Internal Communications and trade union relationships**

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

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

BTA's trade union facility time information is presented below:

<b><u>Table 1</u></b>	
<b>Relevant union officials</b>	
Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	4
<b><u>Table 2</u></b>	
Percentage of time spent on facility time	Full Time equivalent employee number
0%	
1%-50%	4
51%-99%	-
100%	-
Number of Employees	4
<b><u>Table 3</u></b>	
<b>Percentage of bill spent on facility time</b>	
Provide the total cost of facility time £'s	34,719
Provide the total pay bill £'s	16,959,000
(Total cost of facility time / total pay bill) X 100	0.2%
<b><u>Table 4</u></b>	
<b>Paid Trade Union activities</b>	
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) X 100	44%

**Human Capital Management**

BTA's aim is to attract and retain a quality workforce by investing in training, development and rewards. The focus is on keeping staff challenged and engaged through numerous learning opportunities and programmes offered, and developing talent in-house to ensure that the necessary skills and expertise are available within the organisation to continue to deliver a quality service. In addition, remuneration and benefits packages are closely monitored to ensure employee benefits are market-related and retention measures are effective.

## **Staff Report (Continued)**

### **Pay**

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

### **Pension**

The UK BTA currently offers a defined benefit (final salary) pension for all employees employed before 1 April 2017. As stated on page 9, VisitScotland was unable to agree to close the scheme to future defined benefit accrual, and the scheme has been sectionalised. The BTA section of the scheme was closed to future benefit accrual on 31st March 2020. BTA introduced a new defined contribution scheme, in agreement with the BTB Pension Trustees, for new starters from 1 April 2017 and all new staff in the UK are auto-enrolled into this scheme. BTA also offers a defined benefit (final salary) pension for its employees in the USA and defined contribution schemes in other parts of the world

### **Contracts of employment**

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

### **Sickness absence**

The average sickness absence per full time employee in 2018/19 was 2.1 days compared with 2.4 days in 2017/18.

### **Training and development**

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

### **Health and safety of our people**

Despite a predominantly administrative and office-based workforce BTA is firmly committed on working towards zero accidents at work. BTA maintains stringent safety standards that helps to deliver good health and safety practices in the business. These are regularly reviewed and all staff receive training on this aspect to ensure a safe and healthy work environment for all.

### **Equal opportunities and disability**

BTA strives to offer an inclusive working environment across all of our offices. We proactively try to recruit a diverse workforce and do so to enable the operation to function multi-nationally. We are committed to an environment where there is no discrimination in any respect, and are reinforcing the importance of the through the introduction of a Diversity and Inclusion (D&I) E-learning module and proactively talking about fair opportunities for all.

BTA are obliged to report on D&I to DCMS annually and are starting to publish D&I statistics internally to raise awareness within our teams

### **Investor in People**

VisitBritain was recognised as an 'Investor in People' (IIP) from 1994 until October 2018, with the Silver status. We have not sought renewal of investors in people at this time. We are evaluating our training and development programme and made the decision, to use the money it would have cost for IIP, to invest directly into staff training and development activities.

## PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

### Fees and charges

BTA is required in accordance with HM Treasury's Managing Public Money to disclose results for the areas of its activities where fees and charges are levied. BTA considers its retail activities to be the only area of the business where material fees and charges are levied.

	Gross Income £'000	Full cost £'000	Surplus £'000
<b>2018/19</b>			
Retail activities	18,180	17,142	1,038
<b>2017/18</b>			
Retail activities	27,774	26,461	1,313

The financial objective of the BTA's retail activities for which fees and charges are rendered is to recover the costs of providing the services and to make a contribution towards financing other operational costs. These activities have enabled BTA to offset some of its costs by marketing Britain and offering tourism-related services to businesses and individuals around the world travelling to the United Kingdom. During 2013/14 BTA identified a particular opportunity in delivering online tourism services and invested substantially in this area to develop its online commercial retail capabilities through its VisitBritain online retail shop. This activity delivers a vital service to businesses, the general public and tourists worldwide and is expected to continue to make a substantial contribution towards financing our business operations as set out in our strategic objectives. Explanations of movements are provided on pages 13 and 14.

### **Losses and special payments and other disclosures**

BTA incurred a loss of £1.19m in relation to a property at 3 Grosvenor Gardens. This reflects the difference between the rent payable to the landlord and rent agreed with the tenant, under the terms of the lease contract, between 2017 and 2024.

In 2018/19 there were foreign exchange losses of £75K (2017/18: £438K). By the nature of its operations and overseas activities, BTA is naturally exposed to foreign currency risk. The weakening of the Pound Sterling during the current year has resulted in the loss recognised during the year. BTA's foreign currency risk management policy is discussed further in note 3 of the notes to the financial statements.

BTA incurred no special payments or made any gifts during the year that need to be reported in accordance with HM Treasury's Managing Public Money guidance.

BTA is not aware of the existence of any remote contingent liabilities that need to be reported.

The Parliamentary accountability disclosures fall within the scope of the Comptroller and Auditor General's audit opinion on the accounts and is audited.

## SUSTAINABILITY REPORT

### Introduction

Consistent with practices from previous years, we continued with initiatives during 2018/19 to improve energy efficiency and our overall impact on the environment. Around the world we have a policy of co-locating with our public diplomacy partners wherever possible. Of our 20 overseas offices in 17 countries, 16 are located within FCO or British Council premises. Our London head office is also based within another government department building. This shared arrangement of energy usage and waste disposal has helped us significantly reduce our carbon footprint.

### Summary of Performance

BTA's key sustainability performance indicators are summarised below:

Sustainability area	Units	Performance	
		<u>2018/2019</u>	<u>2017/2018</u>
<b>Non-financial indicators</b>			
Total CO2 emissions	Tonnes	462	483
Energy consumption	KWh	568,873	536,125
Total waste	Tonnes	38	42
Water consumption	Meter <sup>3</sup>	2,591	1,925
<b>Financial indicators</b>			
Energy consumption costs	£'000	£65.7	£62.9
Official business travel costs	£'000	£389.3	£371.1
Waste disposal costs	£'000	£5.70	£1.42
Water supply costs	£'000	£2.92	£1.54

#### Notes:

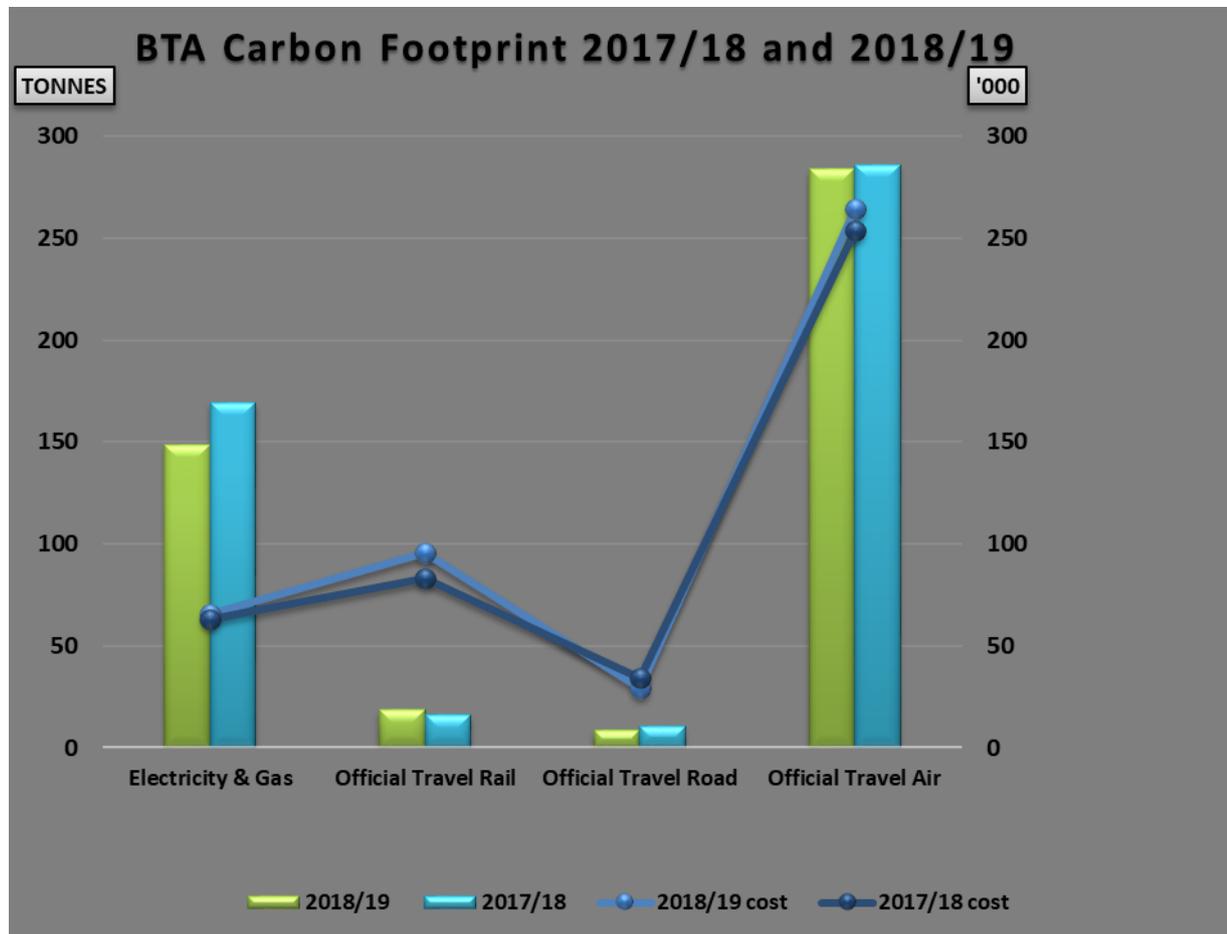
The scopes and conversion rates are set out in the Guidelines to Defra/DECC's Greenhouse Gas Protocol Conversion Factors for Company Reporting.

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

The CO2 emissions/energy consumption/waste/water consumption data and the costs therein are based on the data for two separate premises that BTA occupied during 18/19. The first six months of data were from the previous offices of VisitBritain, 1 Victoria Street, London. The second six months were from the current offices, 151 Buckingham Palace Road, London.

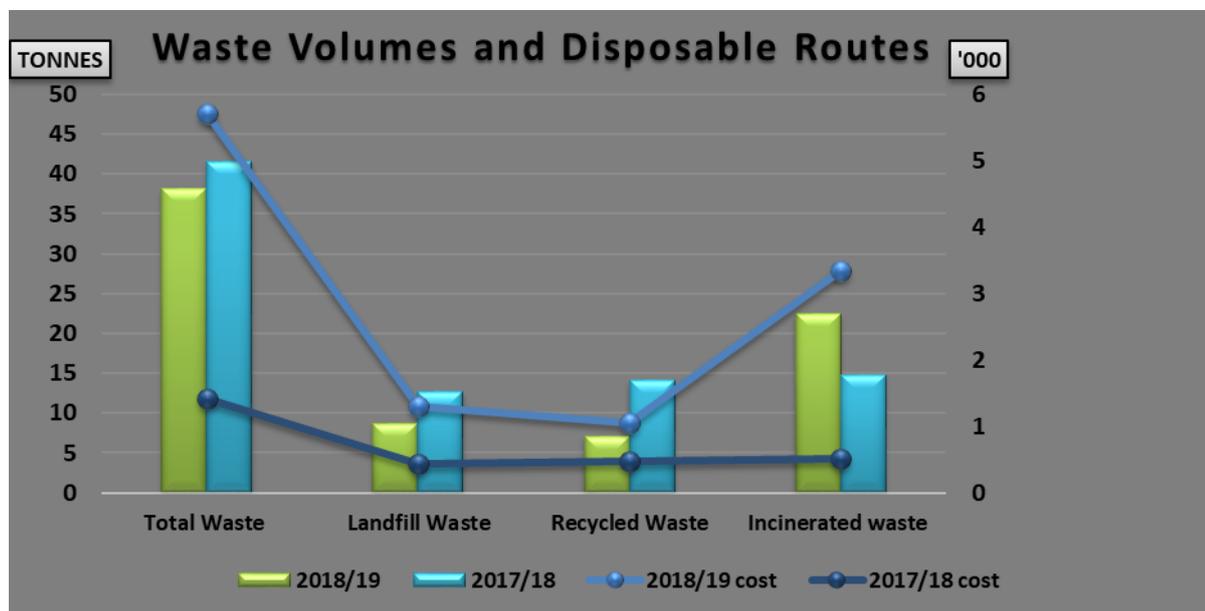
Sustainability Report (Continued)

**BTA Carbon Footprint**



			2018/2019	2017/2018
Non- Financial Indicators (Tonnes)	Total Waste		38.27	41.58
	Hazardous waste	Total	-	-
		Landfill	8.71	12.70
		Reused/Recycled	7.10	14.05
		Incinerated/Energy from Waste	22.45	14.83
Financial Indicators £'000	Total disposal cost		£5.70	£1.42
	Hazardous waste - Total Disposal cost		-	-
		Landfill	1.30	0.43
		Reused/Recycled	1.06	0.48
		Incinerated/energy from waste	3.35	0.51

Sustainability Report (Continued)



In October 2018, British Tourist Authority (BTA)’s Head office in London moved to a new location. This has resulted in some changes in how different areas of sustainability are measured (and therefore reported), as compared with previous years. In addition to this, two sets of data have been utilised as BTA occupied two premises for circa six months each.

As per the agreement for the new premises (151 Buckingham Palace Road, London), BTA is responsible for 13.01% of the building. This was for the period October 2018 to March 2019. For the April 2018 to September 2018, BTA occupied 4.14% of 1 Victoria Street, London. These are the percentages on which the main sustainability areas attributable to BTA have been calculated. This approach is the same as the one adopted in 17/18 but it’s a marked departure from 16/17 and the years prior to that wherein the number of employees working for the organisation throughout the year (as a proportion of the total number of people in the building) was utilised to calculate the relevant figures.

Whilst comparing 18/19 to the previous year, this year sees a slight increase in total electricity and natural gas usage, as compared with 17/18, and therefore also the total cost associated with these as total cost of energy consumption has increased slightly (£2.8k). In addition to this, the total water consumption has also increased in 18/19 and therefore the costs associated with this. The proportion of the total waste disposed of that is attributable to BTA has decreased slightly in 18/19. The costs associated with the disposal of the waste has gone up as compared with 17/18 due to the different method by which this is calculated by the two separate premises occupied by BTA during the year, as well the varying costs of disposal between the two premises.

In addition to the above, there was a slight increase in business travel costs during the year. We are an international organisation that needs to maintain good communication with staff around the world and to communicate our work to the various stakeholders. As such there were numerous conferences/trade events/meetings for which air travel was necessary during 18/19 (as with previous years). However, despite these requirements there was a dedicated effort by all the employees in the organisation to enhance the use of information technology, such as video conferencing and webinars to hold meetings and communicate with staff in different locations as opposed to travelling to the relevant destinations. The organisation hopes to continue with this policy of only travelling by air if necessary in the foreseeable future. In addition to the above, our London office has continually promoted flexible working conditions in an attempt to save on costs and environmental impact.

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

### **Sustainability Report** *(Continued)*

We employ Government Buying Standards when procuring affected goods and services. Additionally, where sustainability issues are critical to the performance of a product or service, we will ensure that they are included in our selection process. Such information may include energy consumption, the life-cycle of consumables or the lifetime of a product.

Our print buying policy recommends using Forest Stewardship Council certified or recycled paper for our marketing materials, leaflets and books. We avoid using materials and print finishes that are non-recyclable and regularly review print volumes and stock levels to minimise wastage.

## STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

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

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

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

As Accounting Officer, I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.



Sally Balcombe  
Accounting Officer  
BTA  
14 May 2020

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

### Opinion on Financial statements

I certify that I have audited the financial statements of the British Tourist Authority for the year ended 31 March 2019 under the Development of Tourism Act 1969. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows and Changes in Taxpayers' Equity, and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the British Tourist Authority's affairs as at 31 March 2019 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Development of Tourism Act 1969 and Secretary of State directions issued thereunder.

### Qualified opinion on regularity

In my opinion, except for the matter described in the basis for the qualified opinion paragraph below, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for the qualified opinion on regularity

The British Tourist Authority is required to comply with the requirements of HM Treasury's "Managing Public Money". During 2018-19 the British Tourist Authority entered into single tender agreements for contracts in excess of £50,000. Such contracts require explicit approval from the Department for Digital, Culture, Media and Sport (the Department) but this approval was not obtained for contracts totalling £1.115m.

The payments made under these contracts did not conform with the authorities which govern them. The payments are material in the context of the failings of the control environment.

Further details can be found in my report, below.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the British Tourist Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the British Tourist Authority's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a

material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

### **Respective responsibilities of the British Tourist Authority and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the British Tourist Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Development of Tourism Act 1969.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the British Tourist Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

### **Other Information**

The British Tourist Authority and the Accounting Officer are responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial

statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Development of Tourism Act 1969;
- in the light of the knowledge and understanding of the British Tourist Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

Gareth Davies  
**Comptroller and Auditor General**  
19 May 2020

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

## Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

### Introduction

The British Tourist Authority (BTA) was established by the Development of Tourism Act 1969 to encourage: overseas visitors to Great Britain, people living in Great Britain to take their holidays there; and to encourage the provision and improvement of tourist amenities and facilities in Great Britain. BTA is an arm's length body of the Department for Digital Culture Media & Sport (DCMS).

### The purpose of my report

This report explains the circumstances which led me to qualify my opinion on regularity on the 2018-19 financial statements for BTA. The Key Governance Issues section of the Statement of Corporate Governance by the Accounting Officer provides some background information which should be read alongside my report.

### Qualified audit opinion arising from irregular procurement activities

BTA operates under a Management Agreement with DCMS in which the Accounting Officer's Delegated Financial Limits are outlined in accordance with Managing Public Money (A2.2.11). The Management Agreement states:

*"The delegation for single tender contracts is set at £50,000 for each contract. Proposals for awarding single tender contracts outside this delegated limit must have the prior approval of DCMS before any contract is awarded."*

Our audit of BTA's 2018-19 financial statements has identified the following irregularities in procurement:

- BTA entered into single tender agreements with four contractors without having sought prospective approval from DCMS. These contracts were for £409,000 in total;
- BTA sought DCMS approval for three single tender agreements and entered into contracts in the absence of their approval. £570,000 was spent with these suppliers;
- BTA received approval from DCMS for two single tender agreements but expanded the contractual engagement beyond the parameters of DCMS approval. The unapproved expenditure was £257,000; and
- We undertook an investigation into procurement activities at BTA in 2015 and provided a report of our findings and recommendations. One of the actions BTA implemented following this report was to notify the Audit Committee of all single tender actions. However, we found three contracts where the Audit Committee received no notification from BTA.

The need for DCMS approval of single tender actions was not identified by those initiating the procurement and in one case, the procurement team had advised the procuring Director that DCMS approval was required but the Director ignored the procurement team's advice.

Once these matters were raised by my audit, BTA secured retrospective approval from DCMS for one transaction of £121,000. This left £1.115m of expenditure for which DCMS has declined to give retrospective approval. In addition to these known irregularities, my audit activities estimate a further £350,000 in expenditure items that were not subject to detailed testing so the level of irregular expenditure of this nature may be in the region of £1.465m.

Since retrospective approval of these payments has not been received from DCMS, these payments remain in breach of regulations. I consider these incidents indicate a level of disregard for the regulatory environment and the irregular payments are material in the context of the failings of the control environment. I have therefore qualified my opinion on regularity.

### Other recent regularity issues

In the years 2016-17 and 2017-18, BTA made non-contractual severance payments without obtaining prospective approval from DCMS and HM Treasury. These were made to overseas employees, but in one case in 2017-18, BTA negotiated settlement terms for a UK employee and agreed to make a payment in lieu of notice without deducting tax or national insurance. BTA did not pay employer's national insurance on this amount. In each case, the absence of approval was only detected by my predecessor's audit. HM Treasury gave retrospective approval in all cases but the one involving the UK employee where DCMS withdrew their submission to HM Treasury for retrospective approval. My predecessor concluded that BTA's repeated contravention of the approval regulations for several payments were symptomatic of failures in BTA's internal control environment. The procurement regularities identified by my audit of the 2018-19 financial statements demonstrate that significant improvement in controls is still needed.

### Action taken by the British Tourist Authority and the Department for Digital, Culture Media and Sport

Managing Public Money (paragraph 3.8.4) outlines circumstances under which the accounting officer of a sponsor department may need to intervene in an arm's length body's management. In August 2018 the DCMS Permanent Secretary asked BTA to formulate a proposal to address key findings on severance payments, prepare an implementation plan and provide details of how BTA will ensure compliance and control specifications across the business. The Department's Director of Finance and Commercial also asked for assurances that BTA was taking steps to ensure that no further breaches of delegated authorities occurred. Despite the assurances given by BTA, my audit found material irregularity in BTA's procurement activities in 2018-19.

A number of actions have been taken in the last six months in response to our findings on procurement activities, including greater oversight and intervention by DCMS, a Compliance Sub-Committee of the BTA Board and a Compliance Taskforce that meets weekly and is led by the Accounting Officer and attended by DCMS. BTA has acknowledged similar issues have arisen in 2019-20 and are currently meeting DCMS Commercial staff every two weeks to work through the challenges presented.

Gareth Davies  
**Comptroller and Auditor General**  
19 May 2020

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

### 3. FINANCIAL STATEMENTS

#### Statement of Comprehensive Net Expenditure

	Note	2019 £'000	2018 £'000
Revenue from contracts with customers	6	22,260	33,344
Other income	7	992	845
		<b>23,252</b>	<b>34,189</b>
Employee benefits costs	8	(20,247)	(16,798)
Depreciation and amortisation	17, 18	(777)	(709)
Other operating charges	9	(61,246)	(69,728)
Grants paid	11	(11,711)	(6,486)
Re-organisation costs	12	(34)	(236)
		<b>(94,015)</b>	<b>(93,957)</b>
<b>Net Expenditure before finance income</b>	<b>13</b>	<b>(70,763)</b>	<b>(59,768)</b>
Finance income	15	28	29
Finance expense	15	(832)	(686)
<b>Net Expenditure for the year</b>		<b>(71,567)</b>	<b>(60,425)</b>
<b>Other Comprehensive Income / (Expenditure)</b>			
<i>Items that will not be reclassified to net expenditure</i>			
Decrease in UK pension liability on unfunded schemes	26	20	9
Remeasurements of defined benefit pension obligations	26	18,197	(4,559)
<b>Other Comprehensive Expenditure</b>		<b>18,217</b>	<b>(4,550)</b>
<b>Total Comprehensive Net Expenditure for the year</b>		<b>(53,350)</b>	<b>(64,975)</b>

All income and expenditure derived from continuing activities.

The Notes on pages 69 to 117 form part of these financial statements.

## Statement of Financial Position

	Note	2019 £'000	2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	470	722
Intangible Assets	18	174	14
Investment in subsidiary	19	1	1
Retirement benefit assets	26	363	97
<b>Total non-current assets</b>		<b>1,008</b>	<b>834</b>
<b>Current assets</b>			
Inventories	20	5,125	6,108
Trade and other receivables	21	2,988	3,014
Contract assets	24	102	-
Cash and cash equivalents	22	8,390	8,063
<b>Total current assets</b>		<b>16,605</b>	<b>17,185</b>
<b>Total assets</b>		<b>17,613</b>	<b>18,019</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	(13,107)	(14,850)
Contract liabilities	24	(895)	-
Provisions	25	(70)	-
<b>Total current liabilities</b>		<b>(14,072)</b>	<b>(14,850)</b>
<b>Total Assets less Current Liabilities</b>		<b>3,541</b>	<b>3,169</b>
<b>Non-current liabilities</b>			
Provisions	25	(694)	-
Retirement benefit liabilities	26	(16,032)	(31,197)
<b>Total non-current liabilities</b>		<b>(16,726)</b>	<b>(31,197)</b>
<b>Total liabilities</b>		<b>(30,798)</b>	<b>(46,047)</b>
<b>Total Net Liabilities</b>		<b>(13,185)</b>	<b>(28,028)</b>
<b>Taxpayers' Equity</b>			
Income and expenditure reserve		(13,185)	(28,028)
		<b>(13,185)</b>	<b>(28,028)</b>

The financial statements were approved by the Board on 31<sup>st</sup> March 2020 and were signed on its behalf by:



Sally Balcombe  
Accounting Officer BTA

The Notes on pages 69 to 117 form part of these financial statements.

## Statement of Cash Flows

	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(71,567)	(60,425)
Adjustments for:			
Depreciation and amortisation	17, 18	777	709
Defined benefit pension cost	26	4,260	3,666
Net finance costs – UK & US pension scheme	26	832	686
Unrealised foreign exchange difference on US pensions scheme	26	(8)	7
Defined benefit employer pension contribution	26	(2,297)	(4,129)
Fair value adjustment on financial assets		-	(16)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>(68,003)</b>	<b>(59,502)</b>
(Increase)/Decrease in trade and other receivables	21	(115)	1,415
Decrease in inventories	20	983	246
Increase/(Decrease) in trade and other payables	23	(1307)	1,285
Decrease in contract assets	24	39	-
Increase in contract liabilities	24	458	-
Increase in Provisions	25	764	-
<b>Net cash flows from operating activities</b>		<b>(67,181)</b>	<b>(56,556)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	17	(424)	(848)
Purchases of Intangible Assets	18	(261)	-
<b>Net cash (outflows) from investing activities</b>		<b>(685)</b>	<b>(848)</b>
<b>Financing activities</b>			
Grant-in-aid received from the DCMS	5	68,193	60,633
<b>Net cash flows from financing activities</b>		<b>68,193</b>	<b>60,633</b>
<b>Net increase in cash and cash equivalents</b>		<b>327</b>	<b>3,229</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>27</b>	<b>8,063</b>	<b>4,834</b>
<b>Cash and cash equivalents at end of the year</b>	<b>27</b>	<b>8,390</b>	<b>8,063</b>

The Notes on pages 69 to 117 form part of these financial statements.

## Statement of Changes in Taxpayers' Equity

	Income and Expenditure £'000	Total Taxpayer's deficit £'000
<b>Balance as at 1 April 2017</b>	<b>(23,686)</b>	<b>(23,686)</b>
<b>Changes in reserves 2017/18 (Re-stated)</b>		
Total comprehensive net expenditure for the year	(64,975)	(64,975)
Grant in Aid - Resource (see note 5)	59,667	59,667
Grant in Aid - Capital (see note 5)	966	966
	<hr/>	<hr/>
<b>Balance as at 31 March 2018</b>	<b>(28,028)</b>	<b>(28,028)</b>
<b>Changes in reserves 2018/19</b>		
Total comprehensive net expenditure for the year	(53,350)	(53,350)
Grant in Aid - Resource (see note 5)	67,557	67,557
Grant in Aid - Capital (see note 5)	636	636
	<hr/>	<hr/>
<b>Balance as at 31 March 2019</b>	<b>(13,185)</b>	<b>(13,185)</b>

The Notes on pages 69 to 117 form part of these financial statements.

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

These financial statements have been prepared in accordance with the 2018/19 Government Financial Reporting Manual (FRoM) issued by HM Treasury and the Accounts Direction issued by the Secretary of State under the Development of Tourism Act 1969. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of BTA, for the purpose of giving a true and fair view, has been selected. The particular accounting policies adopted by BTA are described below. They have been applied consistently in dealing with items that are considered material to the accounts, unless otherwise stated.

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

#### *Basis of Preparation and Going Concern*

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

The financial statements have been prepared on a going concern basis, which assumes that BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2019, BTA had a taxpayers' deficit of £13,185,000 (2017/18: £28,028,000).

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

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

- BTA is a non-departmental public body that is funded by the Department for Digital, Culture, Media and Sport (DCMS) through the Comprehensive Spending Review (CSR) process.
- BTA operating cash flows, taking into consideration Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future.
- The taxpayers deficit is considered to be primarily caused by the recognition of the retirement benefit obligation and related actuarial losses in 2010 and subsequently. The liability recognised in 2010 amounted to £21,714,000 and at 31 March 2019 it reflected a net balance of £15,884,000. After discussions with all stakeholders it was agreed to "sectionalise" the pension scheme with each employer having its own section. This enabled the triennial valuation at 31 March 2018 to be agreed. The BTA section of the scheme was closed to future benefit accrual on 31st March 2020.

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

#### *New Accounting standards*

There have been no applicable new standards, amendments to standards and interpretations effective from 1 April 2018 that have been applied by BTA which have resulted in a significant impact on its results or financial position, other than in relation to IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'.

**Accounting Policies (Continued)***IFRS 9 Financial Instruments*

IFRS 9 'Financial Instruments' is effective from 1 April 2018 and replaced IAS 39: 'Financial Instruments: Recognition and Measurement'. The financial statements for the year ending 31 March 2019 are the first financial statements presented under IFRS 9. There is no material impact to the financial statements on transition to IFRS 9, other than the classification effects described below, which have not impacted the measurement or carrying amount of financial instruments.

<b>Nature of financial instrument</b>	<b>Original measurement category under IAS 39</b>	<b>New measurement category under IFRS 9</b>
Cash and cash equivalents, trade and other receivables	Loans and receivables	Financial assets at amortised cost
Derivatives	Held for trading	Financial assets/liabilities at fair value through profit or loss (FVTPL)
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 'Revenue from Contracts with Customers' is effective from 1 April 2018 and replaced IAS 18: "Revenue" and related IFRIC and SIC interpretations. The financial statements for the year ended 31 March 2019 are the first financial statements presented under IFRS 15.

IFRS 15 applies to all revenue arising from contracts with customers unless the contracts are in scope of other standards.

The standard establishes a new five-step model that applies to revenue from contracts with customers. Under IFRS 15, the core principle is that revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of the model to its contracts with customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

BTA adopted IFRS 15 Revenue from Contracts with Customers, and in accordance with the Government Financial reporting manual requirements, applied the modified retrospective method. Under this method the cumulative effect of initially applying IFRS 15 is recognised in equity at the date of initial application, being 1 April 2018. The comparative information has not been restated and continues to be reported under IAS 18. For this reason, current year revenue and results may not be comparable to those reported in the comparative information.

Details of the accounting policy in respect of revenue is presented in this note. An explanation of the impact on current period financial statements and related matters consequent upon the adoption of IFRS 15 are set out in notes 6, 24 and 32.

*Government Grants*

Grant-in-aid received for revenue purposes from the sponsoring body is treated as financing by crediting it to the income and expenditure reserve per FReM 8.1.13. Grant-in-aid received for the purchase of fixed assets in general is credited to the income and expenditure reserve.

## Accounting Policies (Continued)

### *Property, Plant and Equipment*

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

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

BTA has a policy of capitalisation of all property, plant and equipment over £1,000.

### *Depreciation*

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

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

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

### *Intangible assets*

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

Intangible assets are subsequently carried at current value in existing use. Where no active market exists of the intangible assets, current value in existing use is determined with reference to the lower of depreciated replacement cost and value in use (if the asset is income generating). Changes in current value in existing use are recognised in the revaluation reserve. An appropriate transfer is made from the revaluation reserve to the income and expenditure reserve when intangible assets are expensed through the Statement of Comprehensive Net Expenditure (e.g. through amortisation, impairment or sale).

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

- It is technically feasible to develop the product for it to be sold.
- Adequate resources are available to complete the development.
- There is an intention to complete and sell the product.
- The BTA is able to sell the product.
- Sale of the product will generate future economic benefits.
- Expenditure on the project can be measured reliably.

## Accounting Policies (Continued)

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

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

### *Inventories*

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

### *Derivatives and Financial Instruments*

The recognition and measurement of financial instruments complies with IFRS 9 'Financial Instruments' in so far as it applies to BTA.

### *Financial Assets*

BTA's accounting policy for each category is as follows:

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

*Financial assets at amortised cost:* These assets comprise BTA's trade and other receivables and cash and cash equivalents. They arise principally through the provision of goods and services to customers (e.g. trade receivables). They are recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, which equates to the invoiced amount, and subsequently carried at amortised cost using the effective interest rate method.

### *Trade receivables*

Trade receivables are non-interest bearing and are stated at original invoiced amount less an appropriate allowance for expected credit losses where applicable. At each reporting date, BTA measures the loss allowance at an amount equal to the lifetime expected credit losses. As required by the FReM BTA applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of trade receivables over a period of 12 months before 31 March 2018 and the corresponding historical credit losses experienced within this period. Trade receivables are written off when there is no reasonable expectation of recovery. A default on a trade receivable occurs when the debtor fails to make contractual payments when they fall due.

## Accounting Policies (Continued)

### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits which usually have an original maturity of three months or less.

### *Financial Liabilities*

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

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

### *Provisions for Liabilities and Charges*

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

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

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

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

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

## Accounting Policies *(Continued)*

### *Translation of Foreign Currencies*

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

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

### *Value Added Tax (VAT)*

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

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

### *Leased Assets - Operating Leases*

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

Leases where a significant portion of the risks and rewards are held by the lessor are classified as 'operating leases'. All leases regarded as operating leases and rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis. Onerous lease provisions have been made in accordance with IAS 37.

### *Revenue*

BTA's revenue streams consist of partnership marketing, media and publicity services, exhibition, fairs and workshop activities, commercial activities and quality scheme related services. Partnership marketing, media and publicity services includes the creation and delivery of comprehensive tourism marketing campaigns to promote the United Kingdom as a tourist destination. Typically the BTA will take responsibility for managing the execution of the agreed campaign, including overseeing the marketing agency, research and performance measurement. Revenue derived from exhibitions, fairs and workshops includes the delivery of services in connection with the provision and hosting of tourism related exhibitions and similar events, and presentation of tourism related workshops. Revenue from commercial activities are derived from the sale of merchandise, travel passes and tickets to tourist attractions, primarily through an online retail shop. Revenue from the quality assessment schemes is derived from annual participation fees and one-off joining fees from those who participate in the schemes.

Revenue represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which BTA expects to be entitled in exchange for those goods or services.

### *Revenue from partnership marketing, media and publicity activities, and exhibitions, fairs and workshops*

Revenue from partnership marketing, media and publicity activities, and exhibitions, fairs and workshops is recognised at the point in time when the customer has obtained control of the goods sold. This is usually when the campaign or exhibition have been delivered in accordance with the contractual terms.

Revenue from long term contractual arrangements is recognised over time based on the percentage of completion method.

## Accounting Policies (Continued)

### *Revenue from commercial activities*

Revenue from product sales of merchandise and entry to attractions or to travel is recognised at the point in time when the customer has obtained control of the goods sold. This is usually when the products have been delivered or passes are available for download and use in accordance with the contractual terms.

The nature of BTA's relationships with its customers and suppliers vary depending on the terms of the product and services provided. Accordingly the recognition of revenue are subject to those terms. Certain contracts establish an agency relationship whereby BTA does not control the goods or services that are sold to the customers. Instead, BTA may act as agent and accordingly it will receive a commission and booking fee from the supplier for arranging the sale on its behalf. In such situations BTA recognises revenue in the net amount of consideration to which it will be entitled in exchange for arranging passes for customers to enter or access attractions, which is the commission and booking fee it is entitled to upon the sale of each ticket.

### *Revenue from the quality assessment schemes*

Revenue from quality assessment schemes is derived from annual license fees received from the scheme administrator. Revenue is recognised at the point in time when the performance obligation is satisfied, including by granting the license to the customer.

In respect of the comparative information the accounting policy was as follows:

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

Revenue from the Quality Assessment Schemes was derived from licencing the Visit England brand to the AA.

### *Retirement Benefits*

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

#### *Defined Contribution Plan*

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

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

#### *Defined Benefits Scheme*

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

### Accounting Policies *(Continued)*

Defined benefit scheme surpluses and deficits are measured at:

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

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

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

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

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

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

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

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

Contributions are made to the British Tourist Boards' Staff Pensions and Life Assurance Scheme (see Note 26) in accordance with the advice of independent actuaries and are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. The BTA section of the scheme was closed to future benefit accrual on 31<sup>st</sup> March 2020. Overseas pension schemes are treated similarly.

## Accounting Policies (Continued)

### *Standards, Amendments and Interpretations to Existing Standards not yet Effective*

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

- IFRS 14: Regulatory Deferral Accounts (not endorsed by the EU)
- IFRS 16: Leases - Replace IAS 17 in its entirety (from 1 April 2020)
- IFRS 17: Insurance contracts Replace IFRS 4 in its entirety (from 1 January 2021)
- IFRIC 23: Uncertainty over Income Tax Treatments (from 1 January 2019)
- Annual improvements 2015 -2017 (from 1 January 2019)
- Amendments to IAS 19: Plan amendment, Curtailment or Settlement (from 1 January 2019)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (from 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS standards (from 1 January 2020)
- Amendments to IAS 1: Definition of materiality (from 1 January 2020)
- Amendments to IFRS 3: Definition of a Business (from 1 January 2020)

IFRS 16: Leases (for accounting periods beginning on or after 1 April 2020) replaces IAS 17 in its entirety and addresses the recognition, measurement, presentation and disclosure requirements of lease agreements. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases over 12 months. DCMS has confirmed that it will early adopt IFRS 16 with effect from 1 April 2019, accordingly for BTA transition will take place on 1 April 2019.

IFRS 16 eliminates the classification of leases for lessees as either operating leases or finance leases as per IAS 37, and introduces a single lessee accounting model. For lessees, lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a corresponding loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Consequently, there will be a reduction in operating expenses and an increase in finance costs. The accounting for leases that are currently designated as finance leases will be largely unchanged under IFRS 16. The accounting for leases that are currently designated as operating leases will be fundamentally different to the current treatment of expensing the rental charges on a straight line basis. For lessors, IFRS 16 does not contain substantial changes compared to IAS 17, a lessor still has to classify leases as either finance or operating, depending on whether substantially all of the risk and rewards incidental to ownership of the underlying asset have been transferred. For a finance lease, the lessor recognises a receivable at an amount equal to the net investment in the lease which is the present value of the aggregate of lease payments receivable by the lessor and any unguaranteed residual value. If the contract is classified as an operating lease, the lessor continues to present the underlying assets.

BTA continues to assess the impact of IFRS 16 on the financial statements, however, the changes are expected to have a material impact on the statement of financial position. BTA is continuing to assess the impact on the statement of net expenditure

When IFRS 16 is adopted, BTA has to recognise the cumulative effect of application as an adjustment to opening equity on the date of adoption, with no retrospective restatement of prior year comparatives.

## 2 Significant Accounting Estimates and Judgements

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

### (a) Property, Plant and Equipment and Intangible Assets

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

### (b) Inventories

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

### (c) Defined Benefit Assumptions

The costs, assets and liabilities of the defined benefit schemes operated by BTA are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 26. BTA takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the Statement of Comprehensive Net Expenditure and the Statement of Financial Position.

### (d) Revenue recognition

For revenue recognised over time, the measure of progress towards complete satisfaction of the performance obligation requires judgement and is based on the period that the BTA expects the services to be provided. BTA uses a percentage of completion method because it best depicts the transfer of services to the customer which occurs as we perform our obligations.

For commercial activities the amount of revenue to be recognised is dependent on whether BTA acts as agent or principal in relation to the contract with the customer. To determine whether it acts as principal or an agent, BTA identifies the specified good or service to be provided to the customer and assess whether it controls the good or service before that good or service is transferred to the customer. These determinations often require judgement to assess the nature of BTA's relationship with the customer.

### 3 Financial Instruments and Risk Management

The principal financial instruments are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The following tables show financial instruments by category:

	2019			2018		
	Financial assets at amortised cost	Financial assets at fair value through profit & loss	Total	Financial assets at amortised cost	Financial assets at fair value through profit & loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial assets</u>						
Trade and other receivables	1,382	-	1,382	1,817	-	1,817
Cash and cash equivalents	8,390	-	8,390	8,063	-	8,063
	<b>9,772</b>	<b>-</b>	<b>9,772</b>	<b>9,880</b>	<b>-</b>	<b>9,880</b>

	2019			2018		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Total	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial liabilities</u>						
Trade and other payables < one year	10,671	-	10,671	13,407	-	13,407

Financial assets and liabilities measured at amortised cost include cash and cash equivalents, trade receivables, payables and other short term monetary liabilities, which are recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. There is no material difference between the net carrying amounts and the fair values, and consequently no amortisation of interest on these financial instrument classes due to their short term nature.

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

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

- Credit risk
- Liquidity risk
- Market risk

In common with all other organisations, BTA is exposed to risks that arise from its use of financial instruments.

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

This note describes BTA's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in BTA's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

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

### *Credit Risk*

BTA is primarily exposed to credit risk of £1.1m (2017/18: £1.3m) of trade receivables which are spread over a range of customers and countries. BTA has recovered more than 99% of trade receivables over the last 2 years and no amounts were provided or written off to profit or loss in the year 2018/19 (£895 in 2017/18).

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

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

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

BTA does not enter into derivatives to manage credit risk.

### *Liquidity Risk*

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

### *Market Risk*

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

### *Interest Rate Risk*

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

The group has no long term borrowings. BTA is not permitted to take out mortgages or other forms of borrowing without explicit government guarantee and should gain DCMS's agreement to any commitment, including borrowing. Any expenditure financed by borrowings without explicit consent from the sponsoring department and HM Treasury would be considered irregular.

## Financial Instruments and Risk Management (Continued)

### *Foreign Currency Risk*

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

BTA has a foreign currency policy in place, which has been agreed by the BTA Board and Audit Committee. The latter receives reports at each meeting of the Committee on currency purchases and the outstanding position at that time. BTA's policy is, where possible, to settle liabilities denominated in their functional currency with the cash generated from their commercial operations in that currency. Where considered appropriate, foreign currency exchange forward contracts are used to control the risk of foreign currency fluctuations. At 31 March 2018 and 2019, BTA had no open foreign currency exchange forward contract commitments.

## 4 Segment Information

BTA overall has determined seven reportable segments, four of which relate to both VisitBritain and VisitEngland. The two segments for VisitBritain and one segment for VisitEngland are largely organised and managed separately according to a combination of the nature of services provided and operational spend and geographical location based on the management information.

The main reportable segments are as follows:

### VisitBritain and VisitEngland

- *Marketing*: International and Domestic marketing activities with the core objective of 'inspiring travellers from overseas to visit and explore Britain' and England both domestic and internationally.
- *Commercial*: has responsibility for partnership activities, product development and distribution and organising events and missions as well as trade support.
- *Retail*: Maximise public investment through commercial activity.
- *Global Network*: Delivering a global network to support tourism promotion overseas, providing an overseas office network for all the national and regional tourist boards and for the tourism industry. By sharing market intelligence, customer insights, local contacts and operational and execution capabilities, VisitBritain helps its UK partners reach overseas customers and together create substantial efficiency savings.
- *Strategy and Communication*: Engaging industry and Government in support of its growth of the tourism industry; Delivering the programme of activity to deliver the national tourism strategy and facilitate sector growth.
- *England*: has responsibility for accommodation standards and visitor attraction grading schemes and provides advice and business support with the overall aim of improving the quality of tourism provision in England.
- *Support Services and CEO Board*: This segment involves the business and administration services of VisitBritain and VisitEngland, and servicing the Board.

### *Measurement of operating segment income and expenditure, assets and liabilities*

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

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

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

4 Segment Information (Continued)

VisitBritain & VisitEngland Total

	Commercial Division	England	Global Network	Marketing	Retail	Strategy & Communication	Support Services & CEO Board	BTA Total
2018/19	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue								
Partnership marketing, media & publicity revenue	467	-	-	1,691	-	-	-	2,158
Revenue from exhibition, fairs & workshops	857	-	-	788	-	14	-	1,659
Revenue from Commercial activities	-	25	-	27	17,949	-	-	18,001
Quality Scheme revenue	-	442	-	-	-	-	-	442
Other grants	60	-	-	8	-	68	-	136
Office rental income	-	-	54	-	-	-	175	229
Other income	-	25	76	46	231	1	248	627
<b>Income from external customers</b>	<b>1,384</b>	<b>492</b>	<b>130</b>	<b>2,560</b>	<b>18,180</b>	<b>83</b>	<b>423</b>	<b>23,252</b>
Segment deficit for the year	(12,711)	(12,622)	(6,417)	(19,699)	1,865	(4,788)	(13,659)	(68,031)
Net finance (costs)/income	-	-	-	-	-	-	-	(804)
Depreciation and amortisation	-	-	-	-	-	-	-	(777)
Defined benefit pension costs	-	-	-	-	-	-	-	(4,252)
Defined benefit pension contribution adjustment	-	-	-	-	-	-	-	2,297
<b>Segment net expenditure for the year</b>	<b>(12,711)</b>	<b>(12,622)</b>	<b>(6,417)</b>	<b>(19,699)</b>	<b>1,865</b>	<b>(4,788)</b>	<b>(13,659)</b>	<b>(71,567)</b>

## 4 Segment Information (Continued)

	VisitBritain & VisitEngland Total							BTA Total £'000
	Commercial Division £'000	England £'000	Global Network £'000	Marketing £'000	Retail £'000	Strategy & Communication £'000	Support Services & CEO Board £'000	
2017/18								
Revenue								
Partnership marketing, media & publicity revenue	2,321	-	-	1,353	2	-	-	3,676
Revenue from exhibition, fairs & workshops	1,423	-	-	374	-	21	-	1,818
Revenue from Commercial activities	-	14	-	35	27,555	-	-	27,604
Quality Scheme revenue	-	246	-	-	-	-	-	246
Other grants	246	-	-	-	-	25	-	271
Office rental income	-	-	50	1	-	-	183	234
Other income	1	-	72	34	217	4	12	340
<b>Revenue from external customers</b>	<b>3,991</b>	<b>260</b>	<b>122</b>	<b>1,797</b>	<b>27,774</b>	<b>50</b>	<b>195</b>	<b>34,189</b>
Segment deficit for the year	(11,829)	(6,642)	(6,146)	(18,327)	2,040	(4,572)	(14,039)	(59,515)
Net finance (costs)/income	-	-	-	-	-	-	-	(657)
Depreciation	-	-	-	-	-	-	-	(709)
Defined benefit pension costs	-	-	-	-	-	-	-	(3,673)
Defined benefit pension contribution adjustment	-	-	-	-	-	-	-	4,129
<b>Segment net expenditure for the year</b>	<b>(11,829)</b>	<b>(6,642)</b>	<b>(6,146)</b>	<b>(18,327)</b>	<b>2,040</b>	<b>(4,572)</b>	<b>(14,039)</b>	<b>(60,425)</b>

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

Geographical Information (Revenue by Region):

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	10,572	13,543
Europe	8,811	12,633
Americas	1,968	4,947
Asia pacific	1,791	3,055
Rest of the world	110	11
	<b>23,252</b>	<b>34,189</b>

Comparative geographical revenue information has been reorganised by region.

Above table includes total income from all sources excluding grant-in-aid funding from DCMS.

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

**5 Grants**

Government grant-in-aid cash allocation from the DCMS amounts to £68.193m including £636k capital (2017/18: £60.633m including 966k capital grant-in-aid).

Other grants received (see Note 7) include £68k (2017/18: £66k) from UK Trade and Investment for part funding partners attending trade shows overseas to promote UK tourism, and £68k (2017/18: £25k) Section 106 grant funding received from North York Moors National Park Authority. 2017/18 includes £180k received from the Foreign Commonwealth Office.

## 6 Revenue from contracts with customers

BTA disaggregates revenue from contracts with customers by nature of services sold, geographical location and timing of revenue for each of its segments, as it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

2018/19	Commercial Division	England	Marketing	Retail	Strategy & Communic ation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Nature of goods and services</b>						
Partnership marketing, media & publicity revenue	467	-	1,691	-	-	2,158
Revenue from exhibition, fairs & workshops	857	-	788	-	14	1,659
Revenue from Commercial activities	-	25	27	17,949	-	18,001
Quality scheme revenue	-	442	-	-	-	442
	<b>1,324</b>	<b>467</b>	<b>2,506</b>	<b>17,949</b>	<b>14</b>	<b>22,260</b>
<b>Primary geographical markets</b>						
United Kingdom	85	467	739	8,474	14	9,779
Europe	422	-	722	7,667	-	8,811
Americas	339	-	527	997	-	1,863
Asia Pacific	454	-	433	811	-	1,698
Rest of the world	24	-	85	-	-	109
	<b>1,324</b>	<b>467</b>	<b>2,506</b>	<b>17,949</b>	<b>14</b>	<b>22,260</b>
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	950	467	1,086	17,949	14	20,466
Services transferred over time	374	-	1,420	-	-	1,794
	<b>1,324</b>	<b>467</b>	<b>2,506</b>	<b>17,949</b>	<b>14</b>	<b>22,260</b>

Revenue from commercial activities, exhibitions, fairs and workshops, and quality schemes is recognised at a point in time and revenue from certain marketing, media and publicity services is recognised over time. Further detail is discussed in notes 6 and 24.

The effect of the adoption of IFRS 15 on revenue from contracts with customers is presented in note 32.

The recognition and measurement of more minor income streams recorded in Note 7 has not changed as a result of the adoption of IFRS 15.

**6 Revenue from contract with customers** *(Continued)***2017/18**

Revenue recognised in 2017/18 in accordance with IAS 18 were as follows:

	<b>£'000</b>
Partnership marketing, media & publicity revenue	3,676
Revenue from exhibition, fairs & workshops	1,818
Revenue from Commercial activities	27,604
Quality Scheme Revenue	246
<b>Total revenue</b>	<b>33,344</b>

**7 Other Income**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Other grants	136	271
Office rental income	229	234
Other income	627	340
<b>Total other operating income</b>	<b>992</b>	<b>845</b>

BTA sub-lets properties in London and also received rental income from London & Partners, Visit Wales and Marketing Manchester in the USA and China. For the year ended 31 March 2019, the total rental income from the sub-let of properties was £229k (2017/18: £234k).

## 8 Employee Benefits Costs

	2019			2018		
	Permanent Staff	Others	Total	Permanent Staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs (including Directors) comprise:						
Salaries	8,939	5,061	14,000	8,037	4,103	12,140
Social Security costs	1,006	659	1,665	920	581	1,501
Other pension costs	4,501	81	4,582	3,070	87	3,157
<b>Administration operating staff costs</b>	<b>14,446</b>	<b>5,801</b>	<b>20,247</b>	<b>12,027</b>	<b>4,771</b>	<b>16,798</b>

The average number of employees during the year were as follows:

	2019	2018
	Number	Number
Permanent (UK) staff	188	173
Other Staff	114	97
<b>Total staff numbers</b>	<b>302</b>	<b>270</b>

## 9 Other Operating Charges

	2019	2018
	£'000	£'000
Partnership marketing, media & publicity costs	28,013	29,919
Publishing	1,833	1,717
Commercial cost of sales and overhead cost*	17,023	24,834
Quality Scheme costs	76	88
Distribution costs	620	459
Research and evaluation	3,049	3,180
Property and support costs – overseas	1,917	2,066
Property and support costs – UK	3,960	3,229
VisitEngland Board secretariat operation costs	15	17
Irrecoverable VAT (UK and overseas)	4,351	4,199
Provisions	764	-
Prior year creditors provision written off	(418)	(329)
Foreign exchange loss	43	341
Fair value adjustment on financial asset	-	8
<b>Total other operating charges</b>	<b>61,246</b>	<b>69,728</b>

\* Certain commercial cost of sales are presented net of related revenue under IFRS 15. See note 32 for further details.

## 10 Analysis of Expenditure by Programme and Administration Budget

Programme expenditure relates to the “GREAT” Image (VB), and “Holidays at Home are GREAT” (VE) Campaigns as well as the Discover England Fund paid out as grant to destinations.

	Administration	Programme	Total	Administration	Programme	Total
	2019	2019	2019	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	10,970	17,043	28,013	10,983	18,936	29,919
Publishing	390	1,443	1,833	366	1,351	1,717
Commercial cost of sales and overhead cost	17,023	-	17,023	24,834	-	24,834
Quality scheme costs	76	-	76	88	-	88
Distribution costs	620	-	620	452	7	459
Research and evaluation	2,465	584	3,049	2,247	933	3,180
Property and support costs – Overseas	597	1,320	1,917	1,722	344	2,066
Property and support costs – UK	3,960	-	3,960	3,229	-	3,229
VisitEngland Board secretariat operation costs	15	-	15	17	-	17
Irrecoverable VAT (UK and overseas)	1,934	2,417	4,351	1,382	2,817	4,199
Provisions	764	-	764	-	-	-
Prior year creditors provision written off	(309)	(109)	(418)	(126)	(203)	(329)
Foreign exchange (gain)/loss	43	-	43	338	3	341
Fair value adjustment on financial asset	-	-	-	8	-	8
Employee Benefits Costs	18,855	1,392	20,247	15,660	1,138	16,798
Depreciation and amortisation	777	-	777	709	-	709
Grants Paid	15	11,696	11,711	67	6,419	6,486
Re-organisation costs	3	31	34	236	-	236
<b>Total other operating charges</b>	<b>58,198</b>	<b>35,817</b>	<b>94,015</b>	<b>62,212</b>	<b>31,745</b>	<b>93,957</b>

**11 Grants Paid**

	2019	2018
	£'000	£'000
General grants relating to Regional Tourism entities	411	592
Discover England grants relating to Destination entities	11,300	5,894
<b>Total grant payments to regional and other tourism bodies</b>	<b>11,711</b>	<b>6,486</b>

**12 Reorganisation Costs**

	2019	2018
	£'000	£'000
Staff redundancy costs*	34	235
Other staff & recruitment costs	-	1
	<b>34</b>	<b>236</b>

\*Staff redundancy costs include exit packages and other related costs

**Reporting of Civil Service and other Compensation Schemes - Exit Packages**

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2018/19	(2017/18)	2018/19	(2017/18)	2018/19	(2017/18)
<£10,000	-	4	1	1	1	5
£10,000 - £25,000	2	2	-	-	2	2
£25,000 - £50,000	-	3	-	-	-	3
£50,000 - £100,000	-	1	-	-	-	1
£100,000- £150,000	-	-	-	-	-	-
£150,000- £200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
<b>Total number of exit packages by type (total cost)</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>11</b>
<b>Total resource cost</b>	<b>£30,577</b>	<b>£230,890</b>	<b>£3,451</b>	<b>£4,000</b>	<b>£34,028</b>	<b>£234,890</b>

**13 Net Expenditure before Finance income / (expense)**

	2019	2018
	£'000	£'000
Net expenditure for before finance cost	(70,763)	(59,768)
This has been arrived at after charging/ (crediting):		
VisitBritain Board Members' remuneration	74	71
VisitEngland Board Members' remuneration	48	45
Auditors' remuneration*	90	61
Operating lease expense:		
- Land and buildings	1,628	1,864
- Vehicles and equipment	5	4
Travel, subsistence and hospitality:		
- Chairman and Board Members (VisitBritain)	34	31
- Chairman and Board Members (VisitEngland)	14	16
- Employees	1,251	1,106
Depreciation (note 17)	676	493
Amortisation (note 18)	101	216

\*The external audit fee includes £90k (2017/18: £61k) in respect of external audit services performed by the National Audit Office. It does not include any fees for non-audit work as no such work was undertaken during the year.

## 14 Overseas and Domestic Activities

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

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

2018/19	Britain	England	England	Total
	International	Domestic	International	
	£'000	£'000	£'000	£'000
Employee benefit costs (see note 8)	15,194	4,775	278	20,247
Re-organisation staff related costs and professional fees (see note 12)	31	3	-	34
Project costs	38,976	17,392	965	57,333
Operational costs	10,887	5,411	103	16,401
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>65,088</b>	<b>27,581</b>	<b>1,346</b>	<b>94,015</b>
Less:-				
Other grant income	60	68	8	136
Non-Government Funding (NGF) (see note 6 & 7)	22,070	1,015	31	23,116
Net finance cost (see note 15)	(632)	(161)	(11)	(804)
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>43,590</b>	<b>26,659</b>	<b>1,318</b>	<b>71,567</b>
<b>2017/18</b>	<b>Britain</b>	<b>England</b>	<b>England</b>	<b>Total</b>
	<b>International</b>	<b>Domestic</b>	<b>International</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employee benefit costs (see note 8)	12,500	4,293	5	16,798
Re-organisation staff related costs and professional fees (see note 12)	185	51	-	236
Project costs*	51,079	11,470	1,169	63,718
Operational costs**	10,135	3,033	37	13,205
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>73,899</b>	<b>18,847</b>	<b>1,211</b>	<b>93,957</b>
Less:-				
Other grant income	246	25	-	271
Non-Government Funding (NGF) (see note 6 & 7)	33,313	553	52	33,918
Net finance cost (see note 15)	(482)	(175)	-	(657)
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>40,822</b>	<b>18,444</b>	<b>1,159</b>	<b>60,425</b>

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

\*\*Operational costs relates to overhead costs, depreciation and amortisation (see notes 9, 17 and 18)

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

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

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs (see note 8)	20,247	16,798
Exceptional re-organisation staff costs (see note 12)	34	236
Other operating charges (see note 9)	61,246	69,728
Depreciation and amortisation (see notes 17 and 18)	777	709
Grant paid to Regional Tourist Boards (see note 11)	11,711	6,486
<b>BTA expenditure per Statement of Comprehensive Income</b>	<b>94,015</b>	<b>93,957</b>

<b>VisitEngland Board Member's expenditures</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Board Members' remuneration	48,165	45,140
Employers NI & other taxes	2,047	1,708
Travel & subsistence and secretariat	13,517	15,797
<b>Total expenditure</b>	<b>63,729</b>	<b>62,645</b>

## 15 Finance Income and Expense

	2019	2018
	£'000	£'000
<i>Finance Income:</i>		
Interest received on bank deposits	28	29
	<u>28</u>	<u>29</u>
<i>Finance expense:</i>		
Net interest cost on UK & US pension schemes (see note 25)	(832)	(686)
	<u>(804)</u>	<u>(657)</u>
<b>Net finance expense</b>	<b><u>(804)</u></b>	<b><u>(657)</u></b>

## 16 Tax Expense

BTA is assessed for Corporation Tax in the UK on its activities, excluding those funded by grant-in-aid. Unused taxable losses carried forward to 2018/19 amount to £105.4m (2017/18: £94.7m) and the estimated taxable losses for 2018/19 are approximately £10.7m.

BTA is assessed for corporate tax in Germany and India and in both of these countries there is no corporate tax due.

**17 Property, Plant and Equipment**

	Leasehold improvements £'000	IT equipment £'000	Fixtures fittings & equipment £'000	Total £'000
<b>Cost or valuation</b>				
Balance at 31 March 2017	17	757	16	790
Additions	357	428	63	848
Disposals	-	(148)	-	(148)
<b>Balance at 31 March 2018</b>	<b>374</b>	<b>1,037</b>	<b>79</b>	<b>1,490</b>
Additions	-	328	96	424
Disposals	(357)	-	-	(357)
<b>Balance at 31 March 2019</b>	<b>17</b>	<b>1,365</b>	<b>175</b>	<b>1,557</b>
<b>Accumulated depreciation</b>				
Balance at 31 March 2017	8	412	3	423
Charge for the year	128	345	20	493
Disposals	-	(148)	-	(148)
<b>Balance at 31 March 2018</b>	<b>136</b>	<b>609</b>	<b>23</b>	<b>768</b>
Charge for the year	238	395	43	676
Disposals	(357)	-	-	(357)
<b>Balance at 31 March 2019</b>	<b>17</b>	<b>1,004</b>	<b>66</b>	<b>1,087</b>
<b>Net carrying value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 March 2018	238	428	56	722
<b>At 31 March 2019</b>	<b>-</b>	<b>361</b>	<b>109</b>	<b>470</b>

**Property, Plant and Equipment** *(Continued)***Improvements to leasehold land and buildings, motor vehicles, computer equipment, fixtures, fittings and equipment**

These classes of assets are carried at fair value and are subject to revaluation under Modified Historic Cost Accounting (MHCA). As in 2017/18, appropriate indices were used and indexation was considered to be insignificant, accordingly no adjustment has been recognised in this regard.

**Capital Commitment**

As at 31 March 2019, BTA had no contractual commitment to purchase property, plant and equipment.

**18 Intangible Assets**

	Computer software	Total
	£'000	£'000
<b><i>Cost or valuation</i></b>		
Balance at 31 March 2017	608	608
Additions	42	42
<b>Balance at 31 March 2018</b>	<b>650</b>	<b>650</b>
Additions	261	261
<b>Balance at 31 March 2019</b>	<b>911</b>	<b>911</b>
<b><i>Accumulated amortisation</i></b>		
Balance at 31 March 2017	420	420
Charge for the year	216	216
<b>Balance at 31 March 2018</b>	<b>636</b>	<b>636</b>
Charge for the year	101	101
<b>Balance at 31 March 2019</b>	<b>737</b>	<b>737</b>
<b><i>Net carrying value</i></b>		
<b>At 31 March 2018</b>	<b>14</b>	<b>14</b>
<b>At 31 March 2019</b>	<b>174</b>	<b>174</b>

## 19 Investment in Subsidiary Undertakings

	2019	2018
	£'000	£'000
<b>Cost</b>		
At beginning of the year	1	1
<b>At end of the year</b>	<b>1</b>	<b>1</b>

Subsidiary undertaking	Country of Incorporation	Proportion of ownership interest at 31 March	
		2019	2018
VBSIPL	India	100%	100%

The results of the VisitBritain Services India Private Ltd (VBSIPL) have been excluded from the consolidation on the basis that its inclusion is not material for the purposes of giving a true and fair view.

In addition to the above 100% ownership interest in VBSIPL, BTA also holds interest in the following companies, which were set up to protect the Intellectual Property rights associated with the names. These companies have never traded and are classified as dormant.

Company name	Country of Incorporation	Proportion of ownership interest at 31 March	
		2019	2018
Englandnet Limited	United Kingdom	100%	100%
EnjoyEngland Limited	United Kingdom	100%	100%
Visit Britain Limited	United Kingdom	100%	100%
VisitEngland Limited	United Kingdom	100%	100%

## 20 Inventories

	2019	2018
	£'000	£'000
Finished goods and goods for resale	5,125	6,108
<b>Total inventories</b>	<b>5,125</b>	<b>6,108</b>

**21 Trade and Other Receivables**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	1,078	1,272
Less: provision for impairment of trade receivables	(4)	(14)
<b>Trade receivables – net</b>	<b>1,074</b>	<b>1,258</b>
VAT receivables	464	83
Other receivables	308	559
Prepayments	1,137	968
Accrued income <sup>1</sup>	-	141
HM Government – Section 4 grants recoverable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
<b>Total trade and other receivables</b>	<b>2,988</b>	<b>3,014</b>

*Note:*

1. *Accrued income has been reclassified to its own line in the statement of financial position in 2019, as contract assets. See note 32 for details.*

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

There is no particular concentration of credit risk to BTA's trade receivables as BTA has a large number of customers. The majority of customers are based in the United Kingdom.

The provision for impairment is analysed as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April beginning of the year	14	14
Income and Expenditure statement release	(1)	1
Provision utilised	(9)	(1)
<b>At 31 March end of the year</b>	<b>4</b>	<b>14</b>

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

BTA does not hold any collateral as security.

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

As at 31st March 2019 trade receivables of £83k (2017/18: £136k) were past due but not impaired. The ageing analysis of these receivables are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Up to 90 days	80	133
Over 90 days	3	3
	<b>83</b>	<b>136</b>

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>VisitBritain (BTA)</b>		
Pound sterling	1,516	1,932
US dollar	212	259
Euro	577	265
Other	683	558
	<b>2,988</b>	<b>3,014</b>

**22 Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening Cash at bank and in hand	8,063	4,834
Movement	327	3,229
<b>Closing Cash at bank and in hand</b>	<b>8,390</b>	<b>8,063</b>

All cash in bank balances are held in commercial bank accounts.

For the purposes of the cash flow statement, cash and cash equivalents comprise the above amounts.

**23 Trade and Other Payables**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	4,125	6,743
Other taxes and social security taxes	2,431	1,001
Other payables	103	797
Deferred income <sup>1</sup>	-	437
Accruals	6,443	5,867
HM Government – Section 4 grants payable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
<b>Total trade and other payables</b>	<b>13,107</b>	<b>14,850</b>

*Note:*

<sup>1</sup> Deferred income has been reclassified to its own line in the statement of financial position in 2019, as contract liabilities. See note 32 for details.

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

Maturity analysis of the financial liabilities (Note 3) classified as financial liabilities measured at amortised cost is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Up to 30 days	3,003	5,444
30 to 90 days	1,122	1,271
Over 90 days	6,546	6,692
	<b>10,671</b>	<b>13,407</b>

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Pound sterling	9,677	14,137
Euro	215	168
US dollar	2,516	327
Other	699	218
	<b>13,107</b>	<b>14,850</b>

## 24 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<b>2019</b>
	<b>£'000</b>
<b>Amounts included in trade and other receivables (note 21)</b>	
Net trade receivables	<u>1,074</u>
<b>Contract assets</b>	
Accrued revenue	<u>102</u>
<b>Contract liabilities</b>	
Deferred revenue	<u>(895)</u>

### *Timing of performance obligations*

The timing of revenue recognition, invoicing and cash collections and refunds results in trade receivables, deferred revenue (contract liabilities), and accrued revenue (contract assets) on the statement of financial position.

Revenue from commercial activities are usually billed when the goods have been dispatched or attraction tickets issued in accordance with the contract and the customer has obtained control of the assets. Consequently, the lead time between revenue recognition and billing are usually minimal.

Revenue from exhibition, fairs and workshops are generally billed at registration for an event, while revenue is recognised when the service has been delivered which is usually when the event takes place, resulting in amounts received in advance (contract liability).

Partnership marketing, media and publicity services are generally billed as work progresses in accordance with agreed-upon contractual terms, usually at agreed periodic intervals (e.g. monthly). Generally, invoicing occurs subsequent to revenue recognition, resulting in contract assets.

BTA sometimes receive advance payments from customers on account, particularly for exhibitions, before goods or services are delivered and revenue is recognised, resulting in contract liabilities. These liabilities are reported on the statement of financial position at the end of each reporting period.

All other goods and services are billed when the goods or services have been delivered in accordance with the contract and the customer has obtained control of the assets.

BTA provides refunds in exceptional circumstances only based on the merits of each case. Revenue on cancelled contracts is only recognised when it is certain that BTA has no further obligation to perform and the customer has no further claim i.e. it is certain that the amount will not be refunded.

**Contract balances** *(Continued)*

Significant changes in contract assets and liabilities balances during the year are explained as follows:

	2019 £'000
<b>Contract assets</b>	
Increase as a result of reclassification from trade and other receivables	141
Decrease as a result of transfers from contract assets recognised to receivables	(39)
<b>Contract liabilities</b>	
Increase as a result of reclassification from trade and other payables	437
Increase as a result change in timing of satisfaction of performance obligations	458

*Expected realisation of remaining performance obligations at year end*

BTA applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. BTA has not engaged in contracts with customers that exceeded 12 months for the year ended 31 March 2019.

**25 Provisions**

	2019 £'000	2018 £'000
Balance at 1 April	-	-
Provided in year	764	-
Balance at 31 March	764	-
Current liabilities	70	-
Non-current liabilities	694	-

The provision relates to onerous lease commitments (dilapidations).

## 26 Retirement Benefits

BTA operates two post-employment defined benefit schemes for its employees, in the United Kingdom and the USA, and defined contribution schemes in other parts of the world. BTA also operates a defined contribution scheme for employees who started employment after 1 April 2017.

The total pension contributions cost of BTA was £2.62m (2017/18 - £3.62m), of which £850k (2017/18 - 953k) is normal contributions related to BTA's main defined benefit pension scheme, the British Tourist Boards' Pension Staff Pension and Life Assurance Scheme. There was also £1,448k (2017/18 - £2,518k) paid to reduce the pension deficit as agreed with the Trustees (see Note 1). Contributions towards defined contribution and overseas pension schemes amounted to £319k (2017/18: £149k).

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

	2019	2018
	£'000	£'000
Normal contribution	850	953
Pension deficit recovery contribution*	1,448	2,518
Total pension contribution to the BTBPS	2,298	3,471
Normal contribution - UK defined contribution	273	104
Normal contribution - Overseas pension schemes	46	45
Total Pension contribution	<b>2,617</b>	<b>3,620</b>

\*The 2018/19 contribution figure includes £850k of additional voluntary contribution (2017/18 - £1,935k)

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

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

The scheme is subject to regular actuarial valuations, which are carried out every three years. However, following the sectionalisation of the UK scheme (see below), the next actuarial valuation for the UK scheme is due to be carried out with an effective date of 31 March 2020. The US pension scheme will undergo an actuarial valuation in January 2022. An actuarial valuation was carried out for both the UK and the US schemes by XPS Pensions Consulting Limited and Mercer Limited respectively as at 31 March 2018 and 1 January 2019, and has been updated for the accounting disclosure as at 31 March 2019 by the respective qualified independent actuaries. The valuation using IAS 19 assumptions and methodology form the basis of this disclosure.

BTA also has additional pension liability of £148k (2017/18: £168k) for pension payments to ex-chairmen which are unfunded and are included within the retirement benefit liabilities in the Statement of Financial Position.

## Retirement Benefits *(Continued)*

### UK BTBSPLA Scheme

The UK scheme is a multi-employer defined benefit scheme including other Tourist Boards where the employers' contributions are affected by a surplus or deficit in the scheme, but the future service contribution rate has been set at a common level and did not reflect the liability of the individual participating employer. However, following a "sectionalisation exercise" which was completed during the summer of 2019, each participating employer now has its own section with assets and liabilities allocated accordingly and with a guarantee provided by the relevant sponsoring government. The BTA section of the scheme was closed to future benefit accrual on 31st March 2020. The narrative below sets out how pensions have been treated for the purposes of the accounts with a further description of the funding position since the UK scheme has been sectioned. In accordance with IAS 19, BTA's share of the assets and liabilities have been identified and are reflected in the accounts.

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

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

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

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

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

Funding levels are set in accordance with the scheme's statement of funding principles as agreed with the employers. Prior to sectionalisation, the employer contributions in respect of future service were 24.4% for members with a retirement age of 60, and 13.1% for members with a retirement age of 65.

### Retirement Benefits (Continued)

The Trustees and employers have also agreed that, if cumulative annual increases in pensionable salaries exceed the equivalent increase in the consumer price index, additional contributions will become payable by the employers to fund the additional increase in the scheme liabilities.

BTA's share of the deficit in the UK scheme at the measurement date under the assumptions used is £15.9m (2017/18: £31.0m). The decrease in the defined benefit obligation is primarily due to changes in economic conditions over the year resulting in changes to the assumptions used to value the scheme assets and liabilities, in particular the discount rate and inflation rate assumptions, as well as demographic assumptions that have been updated based on the latest available valuation census data. These resulted in actuarial re-measurement gains of £17.9m (2017/18: loss of £4.6m) being recognised in the year. Actual return on assets amounted to £9.3m (2017/18: £5.0m) compared with an expected return of £4.4m (2017/18: £4.7m), while interest on the defined benefit obligation component amounted to £5.3m (2017/18: £5.3m), resulting in a net interest cost recognised in the Net expenditure for the year of £836k (2017/18: £686k).

The sectionalisation of the Scheme allowed the 31 March 2018 actuarial funding valuation to be agreed with the Trustees. Whilst the sectionalisation and completion of the actuarial funding valuation was after the year end date, it should be noted:

1. The BTA Section had a surplus of £5.0m as at 31 March 2018.
2. The BTA's future service contribution rate is 22.8% of pensionable salaries.
3. BTA's share of anticipated ongoing expenses is £0.22m per annum.

### US Pension Scheme

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

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

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

The overall position of the US pension scheme reflects a net asset of £363k (2017/18: £97k) after taking into consideration an asset ceiling limit of £365k. Similar to the UK scheme, the asset movement in the current year was primarily due to favourable changes in economic conditions over the year resulting in changes to the assumptions used to value the scheme assets and liabilities, in particular the discount rate and inflation rate assumptions, as well as demographic assumptions. These accounted for a £649k gain in the fund (2017/18: £255k). BTA employer contribution is nil for the current year, which should continue for the foreseeable future as the trustees seek to limit the BTA's exposure to future contributions.

**Retirement Benefits** *(Continued)*

In accordance with IAS 19, the maximum surplus that may be recognised is limited to an amount equal to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. At 31 March 2019, the excess of plan assets over liabilities is greater than the value of these future service costs, and therefore the amount of the asset to be recognised in BTA's statement of financial position had to be limited to the value of the calculated future service costs. Accordingly, at 31 March 2019 the full surplus in the plan was limited by recognising an asset ceiling amounting to £365k (2017/18: Nil).

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

	UK scheme	2019 Overseas (US) scheme	Total	UK scheme	2018 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation to statement of financial position</b>						
Fair value of plan assets	184,264	2,519	<b>186,783</b>	179,927	2,445	<b>182,372</b>
Present value of funded obligations	(200,148)	(1,791)	<b>(201,939)</b>	(210,956)	(2,348)	<b>(213,304)</b>
Total of funded schemes	(15,884)	728	<b>(15,156)</b>	(31,029)	97	<b>(30,932)</b>
Effect of asset ceiling	0	(365)	<b>(365)</b>			
Present value of unfunded obligations	(148)	0	<b>(148)</b>	(168)	0	<b>(168)</b>
Net assets/ (liabilities)	<b>(16,032)</b>	<b>363</b>	<b>(15,669)</b>	<b>(31,197)</b>	<b>97</b>	<b>(31,100)</b>

**Retirement Benefits** *(Continued)***Reconciliation of movement in fair value of plan assets**

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

	<b>UK scheme</b>	<b>2019 Overseas (US) scheme</b>	<b>Total</b>	<b>UK scheme</b>	<b>2018 Overseas (US) scheme</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	179,927	2,445	<b>182,372</b>	176,630	2,635	<b>179,265</b>
Interest income	4,436	96	<b>4,532</b>	4,658	94	<b>4,752</b>
Administrative expenses paid	(515)	(8)	<b>(523)</b>	(461)	(25)	<b>(486)</b>
Remeasurements:						
Transfers in	7	0	<b>7</b>	117	0	<b>117</b>
Return on plan assets (excluding interest)	4,837	(94)	<b>4,743</b>	320	161	<b>481</b>
Exchange gain/(loss)	0	167	<b>167</b>	0	(288)	<b>(288)</b>
Contributions by participants	273	0	<b>273</b>	309	0	<b>309</b>
Contributions by BTA	2,297	0	<b>2,297</b>	3,471	0	<b>3,471</b>
Contributions by BTA - previously accrued	0	0	<b>0</b>	658		<b>658</b>
Benefits paid	(6,998)	(87)	<b>(7,085)</b>	(5,775)	(132)	<b>(5,907)</b>
At end of year	<b>184,264</b>	<b>2,519</b>	<b>186,783</b>	<b>179,927</b>	<b>2,445</b>	<b>182,372</b>

**Retirement Benefits (Continued)**

	<b>UK scheme</b>	<b>2019 Overseas (US) scheme</b>	<b>Total</b>	<b>UK scheme</b>	<b>2018 Overseas (US) scheme</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Composition of plan assets</b>						
Equity	111,222	2,493	<b>113,715</b>	93,752	2,402	<b>96,154</b>
Bonds	0	0	<b>0</b>	0	0	<b>0</b>
Gilts	0	0	<b>0</b>	0	0	<b>0</b>
Liability Driven Investment funds	46,384	0	<b>46,384</b>	57,250	0	<b>57,250</b>
Property	15,108	0	<b>15,108</b>	15,196	0	<b>15,196</b>
Annuities	10,952	0	<b>10,952</b>	12,464	0	<b>12,464</b>
Cash in bank	598	26	<b>624</b>	1,265	43	<b>1,308</b>
	<b>184,264</b>	<b>2,519</b>	<b>186,783</b>	<b>179,927</b>	<b>2,445</b>	<b>182,372</b>

**Reconciliation of movement in present value of defined benefit obligation**

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

	<b>UK scheme</b>	<b>2019 Overseas (US) scheme</b>	<b>Total</b>	<b>UK scheme</b>	<b>2018 Overseas (US) scheme</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	(210,956)	(2,348)	<b>(213,304)</b>	(202,800)	(2,608)	<b>(205,408)</b>
Interest cost	(5,272)	(92)	<b>(5,364)</b>	(5,344)	(94)	<b>(5,438)</b>
Current service cost	(2,834)	(26)	<b>(2,860)</b>	(3,163)	(17)	<b>(3,180)</b>
Past service cost	(877)	0	<b>(877)</b>	0	0	<b>0</b>
Remeasurements:						
Transfers in	(7)	0	<b>(7)</b>	(117)	0	<b>(117)</b>
Actuarial (loss)/gain from changes in demographic assumptions	12,405	95	<b>12,500</b>	0	0	<b>0</b>
Actuarial (loss)/gain from changes in financial assumptions	(3,131)	(9)	<b>(3,140)</b>	(4,313)	(42)	<b>(4,355)</b>
Actuarial (loss)/gain from experience adjustments	3,799	658	<b>4,457</b>	(685)	0	<b>(685)</b>
Exchange gain/(loss)	0	(156)	<b>(156)</b>	0	281	<b>281</b>
Contributions by plan participants	(273)	0	<b>(273)</b>	(309)	0	<b>(309)</b>
Benefits paid	6,998	87	<b>7,085</b>	5,775	132	<b>5,907</b>
At end of year	<b>(200,148)</b>	<b>(1,791)</b>	<b>(201,939)</b>	<b>(210,956)</b>	<b>(2,348)</b>	<b>(213,304)</b>

**Retirement Benefits (Continued)****Reconciliation of movement in asset ceiling**

The movement in the asset ceiling over the year is reconciled as follows:

	<b>UK scheme</b>	<b>2019 Overseas (US) scheme</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	0	0	<b>0</b>
Remeasurements:			
Changes in asset ceiling	0	(362)	<b>(362)</b>
Exchange gain/(loss)	0	(3)	<b>(3)</b>
At end of year	<b>0</b>	<b>(365)</b>	<b>(365)</b>

The weighted average duration of the UK and US schemes are 19 and 13.52 years respectively (2017/18: 21 and 16.44 years).

The significant actuarial assumptions were as follows:

<b>Principal actuarial assumptions</b>	<b>2018/19</b>		<b>2017/18</b>	
	<b>UK Scheme</b>	<b>Overseas (US) scheme</b>	<b>UK Scheme</b>	<b>Overseas (US) scheme</b>
Discount rate on defined benefit obligation	2.40%	3.70%	2.50%	3.80%
Salary growth rate	3.15%	2.75%	3.05%	2.75%
Inflation / Pension growth rate (RPI)	3.15%	2.20%	3.05%	2.25%
Inflation / Pension growth rate (CPI)	2.15%	2.20%	2.30%	2.25%
Life expectancy on UK scheme mortality assumptions:				
Retiring at the end of the reporting period:				
- Male	22.9		24.7	
- Female	24.7		26.6	
Retiring 20 years after the reporting period:				
- Male	24.7		26.4	
- Female	26.6		28.4	

**Retirement Benefits (Continued)**

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

Actuarial assumption	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
<b>UK Scheme</b>			
<b>2018/2019</b>			
Discount rate	0.50%	£17.9m decrease	£20.9m increase
RPI Inflation rate	0.50%	£20.1m increase	£17.4m decrease
Mortality rate	1 Year	£8.4m increase	£8.4m decrease
<b>2017/2018</b>			
Discount rate	0.50%	£19.9m decrease	£23.2m increase
RPI Inflation rate	0.50%	£22.2m increase	£19.2m decrease
Mortality rate	1 Year	£8.4m increase	£8.6m decrease
<b>US Scheme</b>			
<b>2018/2019</b>			
Discount rate	0.50%	£0.115m decrease	£0.128m increase
<b>2017/2018</b>			
Discount rate	0.50%	£0.184m decrease	£0.203m increase

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

**Defined Contribution Schemes**

Other schemes in place during the year to 31 March 2019 are in Germany, Belgium, India, Denmark, Norway, Netherlands, Poland, Brazil, Sweden, Australia, Canada and GCC nations. 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 £46k (2017/18: £45k) and are included within the total pension cost for the year. With effect from 1 April 2017, a defined contribution scheme was also introduced in the UK for employees joining after that date, with the employer's basic rate of contribution varying between 9% and 11% of pensionable salaries. The total charges for contributions to this scheme in the year was £273k (2017/18: £104k) and are included within the total pension cost for the year.

## 27 Notes Supporting the Statement of Cash Flow

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Cash available on demand	8,390	8,063
	<b>8,390</b>	<b>8,063</b>

## 28 Leases and other Commitments

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

	<b>Land &amp; Buildings 2019 £'000</b>	<b>Other 2019 £'000</b>	<b>Land &amp; Buildings 2018 £'000</b>	<b>Other 2018 £'000</b>
Not later than one year	1,427	2	1,408	1
Later than one year and not later than five years	2,246	-	2,688	-
Later than five years	55	-	447	-
	<b>3,728</b>	<b>2</b>	<b>4,543</b>	<b>1</b>

### Sub-lease income

	<b>Land &amp; Buildings 2019 £'000</b>	<b>Land &amp; Buildings 2018 (Restated) £'000</b>
Not later than one year	220	229
Later than one year and not later than five years	700	700
Later than five years	24	198
	<b>944</b>	<b>1,127</b>

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

The 2017-18 sub-lease income disclosures for not later than one year has been restated to £227K to reflect lease income expected (previously stated as £175K).

## 29 Related Party Transactions

In compliance with the FReM and IAS 24 'Related Party Disclosures' requirements, details of material transactions with government bodies and companies where Board Members, Directors and senior staff have an interest are disclosed below. The Remuneration Report on pages 42 to 47 contain details of compensation payments made to key management personnel.

Details of transactions and balances (over £10k) with government bodies and other entities where BTA and ETB Board Members, directors and senior staff have an interest are as follows.

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2018/19</b>							
English Heritage	Ian McCaig	Trustee Board Member	Marketing promotions	13	-	69	0
Belfast City Airport	Katy Best	Commercial Director	Marketing promotions	8	-	-	-
Celtic Manor Hotel	Ian Edwards	Observer	Marketing promotions	6	1	-	-
Queen Elizabeth II Conference	Mark Taylor	Chief Executive Officer/Deputy Director	Marketing promotions	11	0	4	4
Experience Oxfordshire	John Hoy	Director/Vice-chair	Marketing promotions	12	-	5	2
Newcastle Gateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	73	(1)	623	207
Roman Baths & Pump Room	Fiona Pollard	Board Member	Marketing promotions	6	-	-	-
Historic England	Sally Balcombe	Commissioner	Marketing promotions	12	-	-	-
				<b>141</b>	<b>-</b>	<b>701</b>	<b>213</b>

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2017/18</b>							
English Heritage	Ian McCaig	Trustee/Chair of Audit & Risk Committee	Marketing promotions	31	-	68	1
Belfast City Airport	Katy Best	Commercial Director	Marketing promotions	13	-	-	-
London & Partners	Kevin Murphy	Chairman and Director	Marketing promotions	615	128	484	226
Visit Wales	Margaret Llewellyn	Chair, Visit Wales Tourism Advisory Board	Marketing promotions	932	101	41	-
Historic England Newcastle Gateshead Initiative	Sally Balcombe	Commissioner	Marketing promotions	12	-	-	-
Beamish Museum	Sarah Stewart	CEO	Marketing promotions	70	0	370	28
Roman Baths & Pump Room	Fiona Pollard	Board Member	Marketing promotions	3	-	-	-
Windsor Leadership Trust	Ian McCaig	Trustee	Marketing promotions	-	-	5	-
				<b>1,679</b>	<b>229</b>	<b>968</b>	<b>255</b>

### **30 Contingent liabilities**

The following contingent liabilities meet the disclosure criteria of IAS37.

A complaint was made against the BTA on an allegation of the infringement of Intellectual Property (“IP”). In particular, it is alleged that the BTA used IP material from an exhibition known as ADA (“ADA IP”) in a previous campaign which appeared across various digital platforms, including (but not limited to) Twitter and Facebook. This matter was originally reported to the Audit Committee in 2017. We have now received the opinion of the Regional Court Munich on the application for legal aid by the Claimant in relation to this matter. The aid has been granted but the Claimant has not as yet instigated legal proceedings.

Court proceedings alleging personal injury in relation to a workplace incident were issued in September 2019 claiming damages of up to £25,000.

### **31 Events after the Statement of Financial Position date**

#### **BTB Staff Pension and Life Assurance Scheme**

Since the Financial Position date, the Scheme has been sectionalised as set out in the Risk Management section on page 9 and in note 26. The sectionalised share valuation is materially the same as included in these Accounts (less than £100k difference). The Scheme was closed to future benefit accrual on 31<sup>st</sup> March 2020.

Covid 19 has had an unprecedented impact on the tourism industry in 2020, with direct consequences on the number of visitors and visitor spend. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

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

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

## 32 Transition to IFRS 15

As discussed in note 1, BTA adopted IFRS 15 Revenue from Contracts with Customers, and in accordance with the Government's financial reporting manual (Frame) requirements, applied the modified retrospective method having elected to apply the standard only to contracts that were not completed as at 1 April 2018. Under this method, the cumulative effect of initially applying IFRS 15 is recognised in equity at the date of initial application, being 1 April 2018. BTA has changed its accounting policy for revenue recognition as detailed in the accounting policies.

The following tables summarise the impact of adopting IFRS 15 on the BTA's financial statements for the year ending 31 March 2019:

### Impact on statement of comprehensive net expenditure for the year ended 31 March 2019

	2019 as reported	Adjustments	Reclassifications	Result without adoption of IFRS 15
	£'000	£'000	£'000	£'000
Revenue from contracts with customers <sup>7</sup>	22,260	8,752		31,012
Other income	992			992
	<b>23,252</b>	<b>8,752</b>	-	<b>32,004</b>
Employee benefits costs	(20,247)			(20,247)
Depreciation and amortisation	(777)			(777)
Other operating charges <sup>7</sup>	(61,246)	(8,752)		(69,998)
Grants paid	(11,711)			(11,711)
Re-organisation costs	(34)			(34)
	<b>(94,015)</b>	<b>(8,752)</b>	-	<b>(102,767)</b>
<b>Net Expenditure before finance income</b>	<b>(70,763)</b>	-	-	<b>(70,763)</b>
Finance income	28			28
Finance expense	(832)			(832)
<b>Net Expenditure for the year</b>	<b>(71,567)</b>	-	-	<b>(71,567)</b>
<b>Other Comprehensive Income / (Expenditure)</b>				
<i>Items that will not be reclassified to net expenditure</i>				
Decrease in UK pension liability on unfunded schemes	20			20
Remeasurements of defined benefit pension obligations	18,197			18,197
<b>Other Comprehensive Expenditure</b>	<b>18,217</b>	-	-	<b>18,217</b>
<b>Total Comprehensive Net Expenditure for the year</b>	<b>(53,350)</b>	-	-	<b>(53,350)</b>

<sup>7</sup> Revenue from certain retail sales recognised under IAS 18, has now been reclassified in accordance with IFRS 15 on the basis that these no longer satisfy a principal relationship with the customers in accordance with paragraph B34 of IFRS 15, resulting in the decrease in revenue and operating charges of £8,752k.

**Transition to IFRS 15 (Continued)****Impact on statement of financial position as at 31 March 2019**

	2019 as reported	Adjustments	Reclassifications	Balances without adoption of IFRS 15
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	470			470
Intangible Assets	174			174
Investment in subsidiary	1			1
Retirement benefit assets	363			363
<b>Total non-current assets</b>	<b>1,008</b>	-	-	<b>1,008</b>
<b>Current assets</b>				
Inventories	5,125			5,125
Trade and other receivables <sup>9</sup>	2,988		102	3,090
Contract assets <sup>9</sup>	102		(102)	-
Cash and cash equivalents	8,390			8,390
<b>Total current assets</b>	<b>16,605</b>	-	-	<b>16,605</b>
<b>Total assets</b>	<b>17,613</b>	-	-	<b>17,613</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables <sup>8</sup>	(13,107)		(895)	(14,002)
Contract liabilities <sup>8</sup>	(895)		895	-
Provisions	(70)			(70)
<b>Total current liabilities</b>	<b>(14,072)</b>	-	-	<b>(14,072)</b>
<b>Total Assets less Current Liabilities</b>	<b>3,541</b>	-	-	<b>3,541</b>
<b>Non-current liabilities</b>				
Provisions	(694)			(694)
Retirement benefit liabilities	(16,032)			(16,032)
<b>Total non-current liabilities</b>	<b>(16,726)</b>	-	-	<b>(16,726)</b>
<b>Total liabilities</b>	<b>(30,798)</b>	-	-	<b>(30,798)</b>
<b>Total Net Liabilities</b>	<b>(13,185)</b>	-	-	<b>(13,185)</b>
<b>Taxpayers' Equity</b>				
Income and expenditure reserve	(13,185)			(13,185)
	<b>(13,156)</b>	-	-	<b>(13,156)</b>

**Transition to IFRS 15 (Continued)****Impact on statement of statement of cash flows for the year ended 31 March 2019**

	2019 as reported	Adjustments	Reclassifications	Result without adoption of IFRS 15
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Net expenditure for the year	(71,567)			(71,567)
Adjustments for:				
Depreciation and amortisation	777			777
Defined benefit pension cost	4,260			4,260
Net finance costs – UK & US pension scheme	832			832
Unrealised foreign exchange difference on US pensions scheme	(8)			(8)
Defined benefit employer pension contribution	(2,297)			(2,297)
<b>Cash flows from operating activities before changes in working capital and provisions</b>	<b>(68,003)</b>	-	-	<b>(68,003)</b>
(Increase) in trade and other receivables <sup>8</sup>	(115)		39	(76)
Decrease in inventories	983			983
(Decrease) in trade and other payables <sup>9</sup>	(1307)		458	(849)
Decrease in contract assets <sup>9</sup>	39		(39)	-
Increase in contract liabilities <sup>8</sup>	458		(458)	-
Increase in Provisions	764			764
<b>Net cash flows from operating activities</b>	<b>(67,181)</b>	-	-	<b>(67,181)</b>
<b>Investing activities</b>				
Purchases of property, plant and equipment	(424)			(424)
Purchases of Intangible Assets	(261)			(261)
<b>Net cash (outflows) from investing activities</b>	<b>(685)</b>	-	-	<b>(685)</b>
<b>Financing activities</b>				
Grant-in-aid received from the DCMS	68,193			68,193
<b>Net cash flows from financing activities</b>	<b>68,193</b>	-	-	<b>68,193</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>327</b>			<b>327</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>8,063</b>			<b>8,063</b>
<b>Cash and cash equivalents at end of the year</b>	<b>8,390</b>	-	-	<b>8,390</b>

<sup>8</sup> Deferred income has been reclassified to contract liabilities as required in accordance with IFRS 15.

<sup>9</sup> Accrued income has been reclassified to contract assets as required in accordance with IFRS 15.

**Transition to IFRS 15** *(Continued)*

**Impact on statement of changes in equity for the year ended 31 March 2019**

The transition to IFRS 15 did not affect opening reserves, accordingly the statement of changes in equity has not been impacted.

