

# TOURISM SOUTH EAST ANNUAL REVIEW 2020

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INCORPORATING THE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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## Company Information

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**TOURISM**  
**SOUTH EAST**

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# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Chair's Statement



The last financial year delivered challenges for Tourism South East and the industry that none of us have witnessed before, that we will be living with and managing the impacts of for several years to come.

Supporting the tourism industry to get through this period is our absolute focus and that means advocating for the sector, working to ensure that government, at local and national levels and their funded bodies understand the impact that Covid-19 has had and continues to have on the economy, tourism businesses, their employees and our communities.

We will continue to do all that we can to ensure that our members have all the advice and information they need to recover and access funding and to listen to our members as these needs change.

I've been involved in tourism and hospitality for over 30 years. I have seen how fragile an industry it can appear to be but I have also seen how strong, creative and determined the industry is; from dealing with flooding, foot and mouth, to the loss of international visitors due to conflicts in the Middle East.

Tourism South East has supported and facilitated the industry to grow and adapt to changing circumstances for over forty years but the tools that we have at our disposal now are better than we have ever had, enabling us to communicate more effectively within the industry, access information more quickly and engage with our customers more responsively.

The Board of Tourism South East provides a breadth and depth of industry expertise to support an already talented and expert executive team. The appointment of Fran Downton as our Chief has provided us with a leader at the helm who has an in depth knowledge of the organisation and the industry, which has enabled us to quickly adapt our own operations to support our members despite the challenging operational and financial circumstances.

I would like to thank my fellow board members and our staff for their contribution and commitment and also our members for your support, engagement and collaboration- so far. We are not through this yet and we need to work together collaboratively over the coming months more than ever.

Throughout 2020/21 we will continue to work diligently to help your business, your destination and our economy to recover and to build consumer confidence so that the tourism product of the South East continues to offer enjoyable, rewarding and safe visitor experiences.

**Chair – Louise Stewart**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Chief Executive's Statement

Timing is everything, so they say, and I am sure you will all agree that my timing has been impeccable in stepping up to the role of Chief Executive! No one could have foreseen that crisis management would have been the defining skill set required in my first year in the post.

Amidst the ongoing and ever-changing scene as the pandemic develops writing a retrospective review for the year has been a challenge. Over the past year TSE, as the umbrella Destination Management Organisation, had worked in partnership with over 1,000 business to promote to the South East to domestic visitors, and to the international markets of China, USA, and Europe. This saw us engaging with over 3,000 travel trade and 8,000 group travel buyers.

Through Welcome to Excellence, one of the largest customer service training programmes for leisure and tourism businesses in the UK, TSE managed 2,800 participants nationwide thereby maintaining our presence and reputation as a provider of quality training to the sector. Similarly, TSE continues to be recognised as being at the forefront of research for the region. As one of the leading providers for the Cambridge Model Research tool we have provided tourism statistics and data to destinations across the UK, supporting public and private sector entities with an evidence base for investment, development, and growth.

It almost goes without saying that the global effect of COVID-19, which arrived with us just as we were gearing up for the main 2020 season, meant that we faced unprecedented circumstances. This rocked both the supply and demand chain of our industry and continues to dictate the way in which we all operate. I am extremely proud of the swift response that TSE took and the position we assumed to provide support for our members, and the wider region, as we coped and adapted together.

To this effect, TSE has managed an array of support measure, from weekly updates, regular destination supporting meetings, virtual support webinars, recovery tool kit, targeted visitors' campaign, visitor and –business impact research. I have conducted media interviews, lobbied Government and national agencies and continue to engage at a national level to represent our members.

I have no doubt that we will continue to have a challenging time ahead of us although, rest assured, TSE remains committed to the representation and support of our members as we re-establish markets, customer bases, and, once again, create the opportunities to shine as a prosperous region.



**Chief Executive – Fran Downton**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Helping Tourism Business Grow

### Commercial Membership & Destination Partnership

The Commercial Membership and Destination Partnerships remain at the heart of our organisation and the Membership Team continued with a successful year of engagement and support. Our ongoing work to maintain the membership level included actively recruiting 54 new members. We also hosted over 14 members' networking and webinar events across the region on engaging topics such as Travel Trade, Podcasting, Instagram and Social Media Content.

We delivered 24 Service Level Agreements for our Destination Partners. Our proactive PR services ensured that our partners were positioned across social, national, and regional media to showcase the very best of each destination. The successful Annual Media Party, once again held at Adam Street, London, offered Destination Partners the opportunity to meet, network and build new relationships with influential national travel editors, journalists, and bloggers/Influencers.



The Beautiful South Awards 2019 once again offered an array of categories and opportunities for businesses to be recognised and celebrate their achievements over the last 18 months. In a fantastic evening hosted at the Grand Hotel Brighton, we crowned 24 of our regional business as best of their kind in the South East.

The Annual AGM, Tourism Council and Conference 2019 took place at the Hilton Hotel, Ageas Bowl, Southampton. We were proud to bring together our Members and Destination Partners from across the region to review the previous year and highlight our forthcoming plans. Members and Partners also joined informative presentations and discussions from Joss Croft of UKInbound on the Tourism Industry and from Jemma Fairclough-Haynes of Orchard Employment Law on Wellness in the Workplace.

## Promoting to the World

### International Marketing

The international marketing programme continued to target our most established markets: US, China, Near Europe and Scandinavia, plus continuing our work with the consumer market in Holland at Vakantiebeurs. Member and partner buy-in across all these programmes once again offered incredible value, in both service and cost, allowing smaller and larger businesses to work collectively together to target international visitors.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

The US & Canada campaign concentrated on building relationships with tour operators and agents with sales missions to both Toronto and New York. These face to face activities worked alongside online digital activity targeting travel agents and trade and content on digital newsletters and in print.

The Go!China campaign continued to deliver 12-months of activity including the printed guide, a sales mission to Xian, exhibitions, social media on both WeChat and Weibo and updates of our new China hosted website which launched last year.

The Near Europe campaign ensured that we placed our partner products in front of trade operators across the European countries of France, Germany and Belgium. The activity provided a balanced mix of sales missions, digital newsletters, and a hosted press trip to the South East region.

The Scandinavian mission took a new turn this year with representation at the Travel News trade show in Stockholm combined with a sales mission visiting operators within their businesses in Sweden. This was complemented with digital newsletters to the trade and consumers. We also facilitated several press trips to the region in association with Visit Britain.

The 'England's South Coast & Beyond' presence at the leading Dutch show, Vakantiebeurs, continued for another year, with growing support across the region. Offering the chance for destinations, attractions and accommodation providers across the region to meet and talk to independent travellers from Holland and Belgium.

## Greeting Groups

Groups continued to be one of the key target markets for TSE. Following the significant restructure to the team and programme in 2018/19 the key areas of activity continued to focus on the Excursions™ exhibition, the production of the Group Travel Guide and the delivery of themed e-newsletters.

Publishing Events maintained the contract to produce The Group Travel Guide 2020. The external production of the guide resulted in the growth of member entries, editorial pages and ensured a quality brochure was produced. The magazine style Guide once again covered a number of relevant themed stories, including, Maritime History, England's Coastal Path and Go Green.

Now in its 44th year, the national Excursions™ exhibition retained its position within the groups market as a must-attend event for the group travel community. The show once again brought together group travel organisers, tour and coach operators with destinations, attractions, venues, cruise companies, ticketing agencies, hotels and resorts from across the UK and near Europe. Our research shows that bookings and subsequent conversations took place at the show that will facilitate future business in the group travel market across the region.



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## Meet Beyond London – MICE market

Once again, the Meet Beyond London campaign has continued to grow in reputation and build on momentum of the previous year within the conference and events markets.

2019/2020 saw the campaign develop and include new activity including attendance at the PA Life Summit in London with a series of face to face meetings with PA's from large blue chip companies, full page coverage within Conference News magazine and Conference Buyers Guide, a hosted visit of Event Managers to Windsor & Maidenhead, a series of digital newsletters showcasing the diverse venues on offer in the South East, a growing awareness of all our digital channels and website, along with a partnership of South East businesses to attend the two day PA Show under the MEET Beyond London branding.



Unfortunately, the COVID-19 pandemic did see several finalised plans being cancelled, including attendance at the South East Venue Expo in Hampshire, a PA Life hosted trip to Brighton, and hosted trips to Hampshire & Oxford.

## Digital Services

2019 saw our annual website traffic rise in excess of 2.3 million visits year on year and over 4.3 million page impressions. Combined with an average of 190,000 visits a month, this ensured that TSE successfully maintained its digital presence and continued to offer a digital programme of activity to its members. From free listings, banner advertising, placed adverts and video promotion, the website activity is a key member benefit.

The 44,000 strong consumer database ensured that our programme of solus and themed e-newsletters continued to offer members and partners the most cost effective and trackable way to reach visitors. With average open rates of 30.8% and clicks to open averaging 14.6% this has proven to be an effective promotional tool to increase business and raise brand awareness.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Maximising our Expertise

### Training Services



The Training team, together with a network of national Welcome to Excellence franchise partners, delivered activity to 2,800 participants during the year. Attendance on Exceeding Visitor Expectations courses in Scotland remained high and VisitScotland contributed significantly to numbers and income generation. Nationally we gained contracts to deliver Welcome courses for Welsh Water, VisitIreland, North & South Norfolk and West Midlands Museums. In the South East we tapped into funding from

Visit Isle of Wight to cover costs for 5 facilitators to gain Welcoming All Customers trainer accreditation. Unfortunately, delivery of any subsidised courses was halted due to the COVID 19 outbreak.

Welcome to Excellence sponsored the Beautiful South Awards Superstar category and Lorry Middleton from Hover Travel who was awarded Gold went through to be crowned National Tourism Superstar by VisitEngland. On the back of this we were able to promote the brand through various social media channels and websites.

Our new Welcome to Excellence website was launched in March and was developed in partnership with a specialist external agency and is much more user friendly and visually appealing. This will be key to our regional and national marketing activity.

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## Visitor Services

The Visitor Services team operated three tourist information centres under contract to local authorities at Petersfield, Gosport and Romsey.

TSE continued to manage a new contract with Petersfield Town Council to provide funding for the newly named 'Town Visitor Centre'. Petersfield TVC held a number of successful local events including a community photography competition to create a 2020 calendar, hosted a foreign students visit, an Easter egg trail and helped to launch a new walking trail guide. In recognition for excellence to customer service, the TVC received a Bronze award at the Beautiful South Awards held at the prestigious Grand Hotel in Brighton.



In 2019 Gosport TIC took part in many local events such as the D-Day 75th Anniversary Celebrations in June. The TIC attended 2 events: the first being at Solent Airport, Daedalus Fareham 8th - 9th June 2019. The event brought over 500 visitors to the TIC stand over the 2 days. On the 6th June, the TIC attended Hardway D-Day 75th with Gosport Heritage Open Days which saw great attendance from members of the public. Throughout the year the centre took part in organising, booking, and arranging Heritage Open Days for Gosport, which proved to be a great success.

Romsey Visitor Information Centre (VIC) had a marvellous year with an excellent number of visitors coming through the doors. The VIC was involved in promoting and selling tickets for popular local events. The Autumn also brought the ticket sales for Romsey's Christmas activities was extremely popular. The VIC has also been particularly active all year with supporting local charity events which are especially popular. The Romsey VIC staff are highly regarded and are an active part of the Romsey community, playing a crucial role in supporting local businesses and charities.

As part of our support and advice role for TICs in the South East, TSE co-ordinated two regional networking meetings, attended by a number of TIC managers from across the South East. Support and advice continue to be given to destinations looking to improve the service offered and for alternative ways to provide visitor information.



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## Research Services

A number of visitor surveys in towns and cities across the region were undertaken in 2019/20, including a survey within the South Downs on behalf of the Brighton BioCultural Heritage Project and one for Hastings Borough Council about sustainable transport. The Isle of Wight Ferry Passenger Survey continued with reports sent quarterly to IOW Tourism along with an annual summary. There was also an online and telephone project evaluation of the DEF 'Literary Greats' project.

A total of 27 Cambridge Model reports were conducted across the South East and Yorkshire providing valuable analysis of the economic impact of tourism at district level. Work is continuing on creating a Cambridge Model V2 to put added value onto the current version and to put us in the lead ahead of the other agencies offering the Cambridge Model.

A number of accommodation audits were undertaken including 4 for local authorities to enhance the robustness of their Cambridge Model reports and 4 for Southern Water to assist in its assessment of water supply needs during peak periods.—



# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Report of the Directors for the year ended 31 March 2020

The directors present their report together with the financial statements for the year ended 31 March 2020.

### Results

The statement of comprehensive income is set out on page 13 and shows the loss for the year.

### Principal activities

The principal activity of the company is the promotion and development of tourism.

The company seeks to provide the best possible range of support services to members and partners by responding to changing needs and demands in both the commercial and local authority sectors. The range of services is constantly reviewed and increasingly offered outside the traditional South East boundary with a view to generating income streams that will help deliver core activities.

### Review of the company's activities

### Results

Key financial data for the year was as follows:

	2020	2019
	£	£
Membership subscription income included in turnover	191,376	201,749
Other activities	1,020,025	1,074,707
<b>Turnover</b>	<b>1,211,401</b>	<b>1,276,456</b>
Rent and service charge income	66,878	66,749
Interest from cash held on deposit	2,271	1,727
Cost before defined benefit pension scheme	(1,199,351)	(1,231,581)
<b>Profit before defined benefit pension costs and property gains</b>	<b>81,199</b>	<b>113,351</b>
Defined benefit pension – lump sum & salary-related contributions	(92,000)	(90,000)
Defined benefit pension – other costs recognised by pension scheme	(16,000)	(35,000)
Investment property fair value adjustment scheme	-	117,000
<b>(Loss)/profit for the financial year</b>	<b>(26,801)</b>	<b>105,351</b>
Pension scheme net actuarial gains	(389,000)	615,000
<b>Total comprehensive income for the year</b>	<b>(415,801)</b>	<b>720,351</b>

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## **Statement of Directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## **Directors**

The directors of the company during the year were:

Mark Smith (Chair) (resigned 28 February 2020)  
Louise Stewart (appointed as Chair 28 February 2020)  
Nigel Smith (Chief Executive) (resigned 3 December 2019)  
Frances Downton (Bucksey) (Chief Executive) (appointed 1 February 2020)  
John Atherton FCA  
Sandra Barnes-Keywood  
Andrew Bateman  
Graham Hukins  
Martine Humphray  
Daniel Humphreys  
Stephen Munn  
Robert O'Connor  
Caryl Oliver  
Ken Robinson CBE

In preparing this report the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

## **By order of the Board**

P Oliver

**Secretary**  
**16 July 2020**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Independent review report

On the unaudited financial statements of The Southern and South East England Tourist Board

### TO THE DIRECTORS OF THE SOUTHERN AND SOUTH EAST ENGLAND TOURIST BOARD

We have reviewed the financial statements of The Southern and South East England Tourist Board for the year ended 31 March 2020, which comprise the Statement of Income and Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice'), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter dated 22 November 2019. Our review has been undertaken so that we may state to the company's directors those matters we have agreed with them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work, for this report or the conclusions we have formed.

#### Directors' Responsibilities for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on pages 9 to 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

#### Accountants' Responsibility

Our responsibility is to express a conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to review historical financial statements* and ICAEW Technical Release TECH 09/13AAF *Assurance review engagements on historical financial statements*. ISRE 2400 also requires us to comply with the ICAEW Code of Ethics.

#### Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these financial statements.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the company's affairs as at 31 March 2020, and of its loss for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act 2006.

*Hopper Williams and Bell Limited Chartered Accountants  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR*

**Date 28 July 2020**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Statement of income and statement of comprehensive income

For the year ended 31 March 2020

	Note	2020	2019
		£	£
Turnover		1,211,401	1,276,456
Cost of sales		1,009,517	1,035,260
<b>Gross profit</b>		<b>201,884</b>	241,196
Administrative expenses		222,834	226,321
Change in fair value of investment property		–	117,000
Other operating income		66,878	66,749
<b>Operating profit</b>		<b>45,928</b>	198,624
Interest receivable and similar income		2,271	1,727
Interest payable and similar charges		(75,000)	(95,000)
<b>(Loss)/profit on ordinary activities before and after taxation for the financial year</b>		<b>(26,801)</b>	105,351
<b>(Loss)/profit for the financial year</b>		<b>(26,801)</b>	105,351
<b>Other comprehensive income</b>			
Pension scheme net actuarial gain	8	(389,000)	615,000
<b>Total comprehensive income for the year</b>		<b>(415,801)</b>	720,351

The notes on pages 18 – 32 form part of these financial statements

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Balance sheet

As at 31 March 2020

Company number 01345038

	Note	2020	2020	2019	2019
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		880,703		887,319
<b>Current assets</b>					
Stocks		31,800		29,666	
Debtors	6	133,287		176,136	
Deposits		50,000		50,000	
Cash at bank and in hand		149,808		215,849	
		364,895		471,651	
<b>Creditors: amounts falling due within one year</b>	7	(314,346)		(416,917)	
<b>Net current assets</b>			50,549		54,734
<b>Net assets excluding pension scheme liabilities</b>			931,252		942,053
<b>Non-current liabilities</b>					
Pension scheme	8	(3,584,000)		(3,179,000)	
<b>Total net liabilities</b>		(2,652,748)		(2,236,947)	
<b>Capital and reserves</b>					
Special projects reserve	9	50,120		50,120	
Revaluation reserve	9	427,379		427,379	
Profit and loss account	9	(3,130,247)		(2,714,446)	
<b>Total deficit</b>		(2,652,748)		(2,236,947)	

The notes on pages 18 – 32 form part of these financial statements

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

For the year ended 31 March 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 16 July 2020.

L Stewart

J P Atherton

**Director**

**Director**

The notes on pages 18 – 32 form part of these financial statements

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Statement of changes in equity

For the year ended 31 March 2020

	Special projects reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 April 2019</b>	<b>50,120</b>	<b>427,379</b>	<b>(2,714,446)</b>	<b>(2,236,947)</b>
<b>Comprehensive income for the year</b>				
<b>(Loss)/Profit for the year</b>	<b>–</b>	<b>–</b>	<b>(26,801)</b>	<b>(26,801)</b>
Pension scheme net actuarial (loss)/gain	–	–	(389,000)	(389,000)
<b>Other comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(389,000)</b>	<b>(389,000)</b>
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(415,801)</b>	<b>(415,801)</b>
Transfer between reserves	–	–	–	–
<b>At 31 March 2020</b>	<b>50,120</b>	<b>427,379</b>	<b>(3,130,247)</b>	<b>(2,652,748)</b>

The notes on pages 18 – 32 form part of these financial statements

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Statement of changes in equity

For the year ended 31 March 2019

	Special projects reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 April 2018</b>	<b>50,120</b>	<b>310,379</b>	<b>(3,317,797)</b>	<b>(2,957,298)</b>
<b>Comprehensive income for the year</b>				
<b>Profit for the year</b>	–	–	<b>105,351</b>	<b>105,351</b>
Pension scheme net actuarial (loss)/gain	–	–	615,000	615,000
<b>Other comprehensive income for the year</b>	–	–	<b>615,000</b>	<b>615,000</b>
<b>Total comprehensive income for the year</b>	–	–	<b>720,351</b>	<b>720,351</b>
Transfer between reserves	–	117,000	(117,000)	–
<b>At 31 March 2019</b>	<b>50,120</b>	<b>427,379</b>	<b>(2,714,446)</b>	<b>(2,236,947)</b>

The notes on pages 18 – 32 form part of these financial statements

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 1 Accounting policies

The company is a private company limited by guarantee without share capital, registered in England & Wales. The registered office address is 40 Chamberlayne Road, Eastleigh, Hampshire, SO50 5JH.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 Section 1A Small Entities.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The following principal accounting policies have been applied:

#### *Going concern*

Although the balance sheet reflects net liabilities of £2,652,748 (2019 - £2,236,947), this includes a provision for a pension deficit of £3,584,000 (2019 - £3,179,000) which is not a current liability. The net asset position before pension deficit at 31 March 2020 is £931,252 (2019 - £942,053) of which £199,808 (2019 - £265,849) is held in cash and cash deposits. At 31 March 2020 net current assets stood at £50,549 (2019 - £54,734).

The directors have considered the impact and risk of COVID-19 on the company and on the company's prospects, recognising the high degree of uncertainty. The directors have concluded that with the right management actions the company is a going concern for at least 12 months following the signature of the financial statements. Accordingly the directors have prepared the financial statements on this basis.

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured. Revenue from training, marketing and research projects is reflected in the period the provision of services to which the income relates is performed. Membership income is accounted for in the period in which a subscription relates. Any project or membership income relating to the period after the year end is reflected in deferred income. Income from visitor centres is accounted for in the period when the supply of goods or services takes place.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 1 Accounting policies (continued)

### *Taxation*

The charge for taxation is based on the results for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

### *Tangible fixed assets*

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit and loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. It is calculated at the following rates.

Freehold property	-	50 years, with subsequent additions depreciated over the remaining life of the property
Plant and machinery	-	3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate or if there is an indication of a significant change since the last reporting date.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 1 Accounting policies (continued)

### *Tangible fixed assets (continued)*

Where the company can identify the value of major components of freehold buildings, it reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the company allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Assets with an individual cost of less than £1,000 are written off on purchase.

### *Investment properties*

Investment property is carried at fair value determined annually by external valuers or the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit or loss for the year.

### *Stocks*

Stocks of saleable publications are valued at the lower of cost and net realisable value. Stocks of non-saleable publications are, by decision of the Directors, not valued in the financial statements.

### *Deposits*

Short term deposits are balances held with financial institutions that mature in more than three months from the date of acquisition.

### *Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 1 Accounting policies (continued)

### *Financial instruments*

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If object evidence of impairment is found, an impairment loss is recognised in the income statement.

### *Pension costs*

The company participates in two defined benefit schemes and also operates one defined contribution scheme. The assets of the schemes are held and managed separately from those of the company.

For the defined benefit schemes, the amounts charged to operating results are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected returns on assets are shown as a net amount of other finance costs or income. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projection unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities. The actuarial valuations are obtained triennially and are updated at the balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

For the defined contribution schemes the amounts charged in the statement of comprehensive income in respect of pension costs represent the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the statement of comprehensive income.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The directors have made the following critical estimates and judgements deemed to be applicable to the financial statements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

*Other key sources of estimation uncertainty*

- *Tangible fixed assets (note 5)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset, and projected disposal values.

Investment properties are revalued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and ultimately value can only be tested reliably in the market itself.

- *The central underlying assumptions in relation to the estimates of the defined benefit pension schemes such as rates of inflation, mortality, discount rates and anticipated future salary increases (note 8)*

The directors review the assumptions in the multi-employer pension scheme and adjust as appropriate to the company's circumstances. Variances in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 3 Employees

	2020	2019
The average number of persons (including executive directors) employed during the year was:	35	35

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## 4 Other finance charges

	2020	2019
	£	£
Expected return on pension scheme assets	249,000	255,000
Interest on pensions scheme liabilities	(324,000)	(350,000)

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	(75,000)	(95,000)
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# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 5 Tangible fixed assets

	Investment property	Land and buildings	Plant and machinery	Total
	£	£	£	£
<i>Cost or valuation</i>				
At 1 April 2019	667,000	292,115	185,216	1,144,331
Disposals	–	–	(81,782)	(81,782)
Fair value adjustment	–	–	–	–
At 31 March 2020	<b>667,000</b>	<b>292,115</b>	<b>103,434</b>	<b>1,062,549</b>
<i>Depreciation</i>				
At 1 April 2019	–	74,130	182,883	257,013
Provided for the year	–	4,282	2,333	6,615
Disposals	–	–	(81,782)	(81,782)
At 31 March 2020	–	<b>78,412</b>	<b>103,434</b>	<b>181,846</b>
<i>Net book value</i>				
At 31 March 2020	<b>667,000</b>	<b>213,703</b>	–	<b>880,703</b>
At 31 March 2019	667,000	217,985	2,334	887,319

Included within land and buildings is £135,548 (2019 - £135,548) for land upon which no depreciation has been provided.

### Investment properties

The investment property is valued annually on 31 March at fair value. The last independent valuation was undertaken in 2019 in accordance with the Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2. The directors consider this valuation to still be appropriate and believe that the property value has not been impaired.

No surplus or deficit on revaluation of investment property has been credited or debited to the profit and loss for the year.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 6 Debtors

	2020	2019
	£	£
Trade debtors	85,175	127,630
Other debtors	48,112	48,506
	<hr/>	<hr/>
	133,287	176,136
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

## 7 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	113,992	105,484
Taxation and social security	12,020	32,860
Other creditors	188,334	278,573
	<hr/>	<hr/>
	314,346	416,917
	<hr/>	<hr/>

There are no amounts included under 'Creditors' which are payable or repayable other than by instalments and fall due for repayment or payment after the end of five years beginning with the day next following the reporting date.

There are no amounts included under 'creditors' in respect of which any security has been given by the entity.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 8 Pensions

The company participates in the defined benefit schemes administered by Hampshire County Council and Kent County Council and also operates one defined contribution scheme. The Southern and South East England Tourist Board is not a trustee of either scheme and has no control over the investment decisions and assumptions made by their administrators.

At 31 March 2020 company contributions of £8,095 were outstanding in respect of defined benefit schemes and included within creditors (2019 - £7,856).

The last full actuarial assessments of both local authority funds were carried out by qualified independent actuaries at 31 March 2019.

At 31 March 2019 the market value of the company's share of assets within the Hampshire County Council scheme was equivalent to a funding level of 101.8%. Under the circumstances the company, on actuarial advice, is paying a contribution rate of 21.8% for the years ending 31 March 2021, 31 March 2022 and 31 March 2023. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

At 31 March 2019 the market value of the company's share of assets with the Kent County Council scheme was equivalent to a funding level of 110%. Under the circumstances the company, on actuarial advice, is paying a contribution rate of 30.3% for the years ending 31 March 2021, 31 March 2022 and 31 March 2023. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

The next full actuarial assessments of both local authority funds are being carried out by qualified independent actuaries at 31 March 2022. The results will be available by 31 March 2023.

The valuations have been updated by the actuaries to take account of the requirements of FRS 102 in order to assess the liabilities of the funds as at 31 March 2020. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The Hampshire County Council scheme is closed to new members from The Southern and South East England Tourist Board and therefore use of the projected unit method to value liabilities means that the current service cost increases as the members approach retirement. However, Hampshire County Council has made a commitment to subsume the assets and liabilities of the Company and the other employers in the Admitted Body Group when they exit the Fund. This will enable the continuation of a long term funding strategy for those employers' liabilities without having to increase funding to the level required for orphan liabilities within the Fund. Should the company cease to participate in the admission agreement, the likely net effect of the subsumption commitment and the application of the projected unit method is that a lower liability than that concluded for FRS 102 purposes might result.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 8 Pensions *(continued)*

No subsumption commitment has been received from Kent County Council. However, the Kent County Council scheme ceased to be closed to new members from The Southern and South East England Tourist Board with effect from 26 March 2019.

The actuarial valuations of both schemes have taken account of the impact of the McCloud judgement.

The following table refers to The Southern and South East England Tourist Board's portion of the scheme assets and liabilities.

	<b>2020</b>	2019
	£	£
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	<b>(13,834,000)</b>	(13,835,000)
Current service cost	<b>(31,000)</b>	(28,000)
Interest cost	<b>(324,000)</b>	(350,000)
Benefits paid	<b>535,000</b>	411,000
Actuarial gains/(losses)	<b>285,000</b>	(27,000)
Contributions by participants	<b>(5,000)</b>	(5,000)
	<hr/>	<hr/>
At the end of the year	<b>(13,374,000)</b>	(13,834,000)
	<hr/> <hr/>	<hr/> <hr/>

	<b>2020</b>	2019
	£	£
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	<b>(13,374,000)</b>	(13,834,000)
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# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 8 Pensions (continued)

	2020 £	2019 £
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	10,655,000	10,076,000
Interest income on plan assets	249,000	255,000
Actuarial gains/(losses)	(674,000)	642,000
Cash contribution	92,000	90,000
Benefits paid	(535,000)	(411,000)
Administration expenses	(2,000)	(2,000)
Contributions by participants	5,000	5,000
	<hr/>	<hr/>
At the end of the year	9,790,000	10,655,000
	<hr/> <hr/>	<hr/> <hr/>
	2020 £	2019 £
Fair value of plan assets	9,790,000	10,655,000
Present value of plan liabilities	(13,374,000)	(13,834,000)
	<hr/>	<hr/>
Net pension scheme liability	(3,584,000)	(3,179,000)
	<hr/> <hr/>	<hr/> <hr/>

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 8 Pensions (continued)

	2020	2019
	£	£

*Amounts recognised in the profit and loss amount are as follows;*

*Included in administrative expenses*

Current service cost	<b>31,000</b>	28,000
	<b>31,000</b>	28,000

*Amounts included in other finance costs*

Net interest cost	<b>75,000</b>	95,000
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	2020	2019
	£	£

*Analysis of actuarial loss recognised in Other Comprehensive Income*

Actual return less interest income included in net interest income	<b>(358,000)</b>	186,000
Experience gains and losses arising on the scheme liabilities	<b>(38,000)</b>	–
Changes in assumptions underlying the present value of the scheme liabilities	<b>7,000</b>	429,000
	<b>(389,000)</b>	615,000

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 8 Pensions (continued)

	2020	2019
	£	£
<i>Composition of plan assets</i>		
Equities	5,448,000	6,741,000
Bonds	1,872,000	2,296,000
Property	921,000	975,000
Other	1,549,000	644,000
	<hr/>	
	9,790,000	10,656,000
	<hr/>	
	2020	2019
	£	£
<i>Actual return on plan assets</i>	(425,000)	897,000
	<hr/>	<hr/>

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

## 8 Pensions (continued)

	Hampshire		Kent	
	2020	2019	2020	2019
	%	%	%	%
<i>Principal actuarial assumptions used at the balance sheet date</i>				
Discount rates	2.30	2.40	2.35	2.35
Future salary increases	2.00	2.20	2.05	2.45
Future pension increases	2.00	2.20	2.05	2.45
<i>Inflation assumption</i>				
RPI	2.60	3.30	2.95	3.45
CPI	2.00	2.20	2.05	2.45
<i>Mortality rates:</i>				
- for a male aged 65 now	23.0	23.3	21.8	22.0
- at 65 for a male member aged 45 now	24.7	24.9	23.2	23.7
- for a female aged 65 now	25.5	26.1	23.7	24.0
- at 65 for a female member aged 45 now	27.2	27.8	25.2	25.8

## 9 Reserves

### Special projects reserve

The special projects reserve is to be used at the discretion of the Chief Executive for local projects that support members and destination partners.

### Revaluation reserve

The revaluation reserve has been established to recognise cumulative gains and losses that arise from revaluation of the investment property.

### Profit and loss account

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20

The profit and loss account represents accumulated comprehensive income for the year and prior periods.

## 10 Related party disclosures

In the normal course of its activities the company enters into commercial transactions with several of its non-executive directors and entities in which non-executive directors are interested. These transactions are carried out at arm's length and at normal commercial rates and with the exception of those with Welcome to Excellence Limited (WEL) are considered by the company to be immaterial for the purposes of disclosure requirements of the Companies Act and the relevant Financial Reporting Standard. WEL is a related party by virtue of F Downton's directorship of that company and The Southern and South East England Tourist Board. TSE acts as agent for WEL, whose principal activity is the promotion and development of tourism through the training system known as the Welcome to Excellence Programme.

The company received income from WEL totalling £2,034 during the year (2019 - £11,399) and made purchases of £6,168 (2019 - £4,623). At the balance sheet date the amount owed to the company by WEL was £2,034 (2019 - £11,399) and the amount owed to WEL was £19,775 (2019 - £26,393).

The directors consider that no one party has control over the company.

## 11 Members liability

Each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

## 12 Post balance sheet events

The impact on the company subsequent to the balance sheet date as a result of the steps taken by the Government in March 2020 to control the COVID-19 pandemic is uncertain. This is the case for the majority of businesses in the UK and around the world.

The Directors do not consider that the COVID-19 pandemic has had a material impact on the carrying values of the company's assets and liabilities as at 31 March 2020 and consequently no adjustments have been made.

## Company Information

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**TOURISM**  
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