



TOURISM SOUTH EAST ANNUAL REVIEW 2019

INCORPORATING THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2019

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Company Information

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TOURISM
SOUTH EAST

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Chairman's Statement



Everyone loves a success story. Whether it is a 15 year old, future Wimbledon champion or a national team of footballers breaking through the gender barrier. I believe that Tourism South East can claim to be a similar success story having provided top level tourism support for over 40 years. The common denominator for excellence, as always, comes down to working with people who have the passion, drive and commitment to being the best.

There have been three key players in the unique success story that is TSE. The commercial members, the destination partners and the staff. Three crucial pillars providing interdependent stability, support and strength.

I am delighted to be able to report that the commercial membership has remained strong over the past year. Strong in terms of the buoyant number of members and through the quality of contribution and sound advice they have been able to give to the main Board. Characters like Bob O'Connor of Port Lympne and Stephen Munn of Beaulieu, typify the special individuals on the Board who have the dynamism to create award winning, innovative attractions whilst still giving their time and expertise to help direct and keep TSE business sharp and relevant to the membership.

Our local authority destination partners are keen to maintain the sort of joined up approach to tourism development activity that is the key to creating a superior and successful offer. We have witnessed some great examples of this over the past year. I have seen first hand the bold re-investment by Winchester City Council in their Visitor Information Centre and the dynamic vision demonstrated by those Surrey Councils looking to forge a positive new rural tourism strategy with the help of TSE.

This brings me to the common denominator between the Wimbledon and footballing success stories and TSE – the professional talent. Through the dedication and determination of the tourism professionals, TSE is not only an important forum but can add value through sharpening the competitive edge and helping to focus increasingly scarce resources. I am proud to say that this report includes some wonderful examples of how the training, R&D, visitor services, digital, PR and marketing activity have contributed to the great performance. Activities that are highly valued and accessed by all members throughout the year. The figures speak for themselves, so please take a few moments to read the impressive results in the following pages – there is so much happening that you might even spot something unexpected that could help your business.

The responsibility for holding any successful team or enterprise together has to be the inspiration of the head coach. In last year's introduction I was able to pay tribute to Nigel Smith's superb work in leading the team. With his energy and enthusiasm, Nigel has kept TSE firmly on track for this

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year. In spite of being struck down with a serious, long term illness in October, the staff and Board members have rallied to ensure that the tourism support activities continued as carefully planned by Nigel. They have all worked tremendously hard to produce a better than anticipated year-end result. Everyone played their part magnificently in what could otherwise have been a very difficult time. I would like to give my heartfelt thanks to John Atherton, Chair of the Audit Panel, Paul Oliver, Company Secretary, Fran Downton, Head of Marketing and the other dynamic members of the Senior Management Team for their major contributions and investment in the continuing success story of TSE. I am also indebted to Peter Colling for making his expertise and advice available at a moment's notice. We all wish Nigel a very speedy recovery.

Reflecting on the past year and looking to the future, I am convinced of one thing. There may be no silver bullet for business success but TSE has certainly developed a winning formula that we must continue to deliver. This is based on a unique partnership. A blend of expertise that brings together commercial members, destinations and top tourism professionals all with a common goal of providing excellent service that can set us apart from the competition. I want to thank all my hard working Board Directors, who do such a brilliant job of representing the broad cross-section of interests, for being so totally committed to achieving the greatest success possible for TSE and its members.

(N.B. All Board decisions during the year were made without assistance from VAR or Hawkeye!)

Chairman – Mark Smith

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Working Better Together

Commercial Membership & Destination Partnership

Commercial Membership and Destination Partnerships (DPs) with Local Authorities remain core to TSE's constitution. 2018/19 saw a slight re-structure to the commercial membership team, ensuring that the high standard of membership support and benefits was constantly maintained. The team successfully delivered 14 members' network meetings across the region, including workshop and seminar topics on 'Engaging with the Travel Trade, Meetings and Conferencing' and 'Social Media'.

We continued to maintain the membership level, actively recruiting new members including Red Mist Leisure, a chain of 8 pubs, The Crown Plaza Hotel at Reading and the prestigious The Crown and The Hind's Head eateries owned by Heston Blumenthal. In order to ensure continued growth and diversity we also targeted attractions that provide game experiences such as the increasingly popular escape rooms and subsequently welcomed the Brighton immersive team game attraction, Phileas Fogg World of Adventures into membership.

The number of Destination Partners fell slightly year on year. The main changes being East Hampshire not renewing but Poole coming in.

The dedicated reactive and pro active PR service was again the integral activity at the heart of all the agreements,



delivering on and off line media coverage, press trips and the annual media press event in London.

The Annual AGM and Tourism Council took place at the impressive Sheepdrove Organic Farm and Conference Centre, which brought together members and Destination Partners across the region. The day included informative presentations from Quality in Tourism, Clockwork Marketing and Discover England Fund – The Great West Way, as well as interactive seminars on travel trade and quality

schemes.

Contract Services

We continued to tender and offer our expert services on a contract basis across the region. The ongoing contract with the Tourism Management Institute (TMI) delivers accounting and membership support. The long established contract with The



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Best of Dorset continued, providing administration for membership and production of the Best of Dorset Attractions Guide. The Isle of Wight exhibition group contract ran throughout 2018/19, coordinating and administrating the attendance at over 12 trade and consumer exhibitions.

Promoting to the World

International Marketing

The international Marketing programme targeted our most established and lucrative markets: China, Near Europe and Scandinavia with a digital offering targeting North America. Member and partner buy-in across all these programmes continued to prove the value of TSE's service in this area.

TSE was also very proud to be named and awarded 'Regional Member of the Year' at the UKInbound's Awards for Excellence. It highlighted that the hard work of the team and the success of our campaigns was recognised by UKInbound against some stiff competition.



The Go!China campaign delivered a 12 month programme of activity engaging with the trade and consumers through the printed guide, sales mission, social media and digital activity. Launching a new and improved website and promoting a new social media channel, 'WeChat', ensured that our campaign remained current and positioned our partners across the correct channels.



The Near Europe campaign ensured that we placed our partner products in front of over 40 trade operators, across the 4 key European countries of France, Germany, Belgium and The Netherlands. Again, with a range of year long activity, including sales missions, digital e-newsletters and targeted media events, we worked hard to provide our partners with leads and contacts with which to build relationships.

The 'England's South Coast' presence at the leading Dutch show, Vakantiebeurs sustained its support across the region. We also continued our messaging and exposure of a small group of partners to the Scandinavian markets, conducting a sales mission, e-newsletters and engagement with a Swedish influencer.

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Greeting Groups

The Group Travel activity also saw a significant restructure to the team and programme of events for 2018/19. The key areas of activity focused on the showcase event Excursions™, the production of the Group Travel Guide and the delivery of the themed e-newsletters.

The national Excursions™ exhibition retained its position within the groups market and built on the previous year's investment into upgraded technologies. The show sustained both the visitor and exhibitor numbers, year on year.



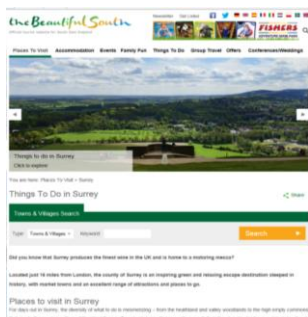
The Group Travel Guide was, for the first time, outsourced to a production company, Publishing Events, for a contracted three year period. A quality brochure was produced, retaining the coverage of all relevant members with significant reduction on internal resources. The magazine style was maintained, with the extensive front end editorial pages covering hot topics across the region.

Meet Beyond London

The Meet Beyond London campaign continued to grow in reputation and build on momentum within the conference and events markets.

Over the year the campaign delivered a range of meeting & events focused activities. Partners received representation focused on driving awareness of the South East's conference and event destination outside London. This showcased the wide variety of product on offer. The Meet Beyond London activity is aimed at the UK market and included social media, e-newsletters campaigns, website content, coverage in MICE trade press and familiarisation visits. The MICE market takes a variety of forms therefore the campaign provided coverage across the 4 main buyer groups: conference prospects, PA's, associations and event agencies.

Digital Services



TSE has successfully maintained its digital presence and continued to offer a digital programme of activity, despite the reduced resource.

The website visitsoutheastengland continues to gain in hits and views, sustaining its position as one of the leading tourism websites in the south east, with over 2.2 million hits year on year.



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The programme of themed and solus e-newsletters, underpinned by the consumer database of 48,000 contacts, continues to offer members and partners the opportunity to promote their events, products and special offers.

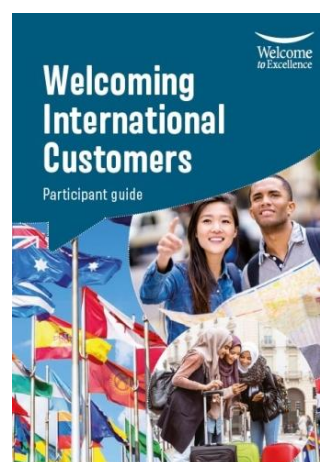
Maximising our Expertise

Training Services

The Training Services team together with a network of national Welcome to Excellence franchise partners delivered training to 4,800 participants during the year. The partnership with VisitScotland continued to flourish and numbers attending Exceeding Visitor Expectations courses contributed significantly to the end of year outcome.

In March we celebrated the 400,000th participant attending a Welcome to Excellence course and this turned out to be a member of staff at Marwell Zoo. A small presentation event was held and a press release issued.

At very short notice we became involved in Southampton Welcomes, a Discover England funded project, aimed at cruise liner visitors. This involved training 2 trainers to deliver Welcome Host Gold courses to businesses in the City and training will continue into the next financial year through the Southampton Celebrates initiative, encompassing the Mayflower 400 festivities.



We launched a new Welcoming International Customers course in November and successfully delivered 8 half day courses to staff at Warner Studios. Our key clients included the Army Flying Museum, Twyford Waterworks Trust, Champion Timber, Marwell Zoo with 174 participants and Skyguard Security Services.

Visitor Services

The Visitor Services team operated three TICs under contract to local authorities at Petersfield, Gosport and Romsey. Following withdrawal of funds by East Hampshire District Council, TSE secured a new contract with Petersfield Town Council to provide funding for the TIC. The TIC was renamed 'Town



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Visitor Centre' and officially opened by the Town Mayor in May.

The TICs continue to deliver traditional TIC services whilst increasingly supporting local tourism businesses and the community. To engage with a wider audience, a number of events were held at the TICs. These included the launch of Cards for Good Causes at Romsey where we were joined by their Regional Manager and Chief Executive. We held our second 'All in One Place' event at Gosport Discovery Centre to promote local attractions together with a leaflet exchange. This was well attended by local businesses and residents, councillors and the Town Mayor. Romsey VIC attended promotion events at Thruxton Motor Circuit 50th Anniversary weekend and at Doubletree Hilton Hotel at Chilworth.



As part of our support and advice role for TICs in the South East, we co-ordinated two networking meetings. These were held in May 2018 at Guildford and at Greenwich in November 2018 and attended by a number of TIC managers from across the South East. Support and advice continues to be given to destinations looking to improve the service offered and for alternative ways to provide visitor information.

Research Services

A number of visitor surveys in towns and cities across the region were undertaken in 2018/19, along with a visitor survey across the whole of the South Downs. Brighton Pride commissioned an economic impact evaluation for their event revealing a net benefit of £20.5 million to the economy. The Isle of Wight Ferry Passenger Survey continued with reports sent quarterly to IOW Tourism. There was also ongoing project evaluation of the Great West Way project. Other work included four telephone surveys of accommodation businesses that were undertaken on behalf a third party client (ACK Solutions).

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 was started 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 7 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.

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Report of the Directors for the year ended 31 March 2019

The directors present their report together with the financial statements for the year ended 31 March 2019.

Results

The statement of comprehensive income is set out on page 13 and shows the profit 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:

	2019	2018
	£	£
Membership subscription income included in turnover	201,749	189,081
Other activities	1,074,707	1,301,125
Turnover	1,276,456	1,490,206
Rent and service charge income	66,749	63,077
Interest from cash held on deposit	1,727	1,559
Cost before defined benefit pension scheme	(1,231,581)	(1,545,133)
Profit before defined benefit pension costs and property gains	113,351	9,709
Defined benefit pension – lump sum & salary-related contributions	(90,000)	(89,000)
Defined benefit pension – other costs recognised by pension scheme	(35,000)	(38,000)
Investment property fair value adjustment scheme	117,000	40,000
Profit/(loss) for the financial year	105,351	(77,291)
Pension scheme net actuarial gains	615,000	110,000
Total comprehensive income for the year	720,351	32,709

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Turnover reduced as a result of a decision to cease pursuit of higher risk consultancy income which enabled us to make cost savings and focus on a range of core projects. As a consequence, operating costs and administrative expenses reduced. Interest earned on cash deposits increased slightly.

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.

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Directors

The directors of the company during the year were:

Mark Smith (Chairman)
Nigel Smith (Chief Executive)
John Atherton FCA
Sandra Barnes-Keywood
Andrew Bateman
Graham Hukins (appointed 27 September 2018)
Martine Humphray
Daniel Humphreys
Alan Mellins (resigned 27 September 2018 on completion of term of office)
Stephen Munn
Robert O'Connor
Caryl Oliver (appointed 27 September 2018)
Ken Robinson CBE
Louise Stewart

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
18 July 2019

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Independent review report

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

To the Board of 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 ('the company') for the year ended 31 March 2019 which comprise the statement of income and statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. 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').

Directors' Responsibilities for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities within the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express an independent conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard on Review Engagements 2400 (Revised), Engagements to review historical financial statements (ISRE 2400) 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

Our review was based primarily upon enquiry, analytical procedures and assessing whether accounting policies are in accordance with United Kingdom Generally Accepted Accounting Practice. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

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 2019 and of its results for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act.

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Use of our report

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 6 June 2018. Our review has been undertaken so that we might 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 for the conclusions we have formed.

BDO LLP

*Chartered Accountants
Southampton
United Kingdom*

26 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Statement of income and statement of comprehensive income

For the year ended 31 March 2019

	Note	2019 £	Restated 2018 £
Turnover		1,276,456	1,490,206
Cost of sales		1,035,260	1,347,072
Gross profit		241,196	143,134
Administrative expenses		226,321	231,061
Change in fair value of investment property		117,000	40,000
Other operating income		66,749	63,077
Operating profit		198,624	15,150
Other interest receivable and similar income		1,727	1,559
Interest payable and similar charges		(95,000)	(94,000)
Profit/(loss) on ordinary activities before and after taxation for the financial year		105,351	(77,291)
Profit/(loss) for the financial year		105,351	(77,291)
Other comprehensive income			
Pension scheme net actuarial gain	8	615,000	110,000
Total comprehensive income for the year		720,351	32,709

The notes on pages 18 – 34 form part of these financial statements

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Balance sheet

As at 31 March 2019

Company number 01345038

	Note	2019	2019	2018	2018
		£	£	£	£
Fixed assets					
Tangible assets	5		887,319		781,304
Current assets					
Stocks		29,666		26,845	
Debtors	6	176,136		195,075	
Deposits		50,000		50,000	
Cash at bank and in hand		215,849		166,584	
		<u>471,651</u>		<u>438,504</u>	
Creditors: amounts falling due within one year	7	(416,917)		(418,106)	
Net current assets			<u>54,734</u>		<u>20,398</u>
Net assets excluding pension scheme liabilities			<u>942,053</u>		<u>801,702</u>
Non-current liabilities					
Pension scheme	8	(3,179,000)		(3,759,000)	
Total net liabilities			<u>(2,236,947)</u>		<u>(2,957,298)</u>
Capital and reserves					
Special projects reserve	9	50,120		50,120	
Revaluation reserve	9	427,379		310,379	
Profit and loss account	9	(2,714,446)		(3,317,797)	
Total deficit			<u>(2,236,947)</u>		<u>(2,957,298)</u>

The notes on pages 18 – 34 form part of these financial statements

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For the year ended 31 March 2019 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 18 July 2019.

C M Smith



Director

J P Atherton



Director

The notes on pages 18 – 34 form part of these financial statements

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Statement of changes in equity

For the year ended 31 March 2019

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

The notes on pages 18 – 34 form part of these financial statements

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Statement of changes in equity

For the year ended 31 March 2018

	Special projects reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	50,120	270,379	(3,310,506)	(2,990,007)
Comprehensive income for the year				
Profit/(loss) for the year	–	–	(77,291)	(77,291)
Pension scheme net actuarial gain	–	–	110,000	110,000
Other comprehensive income for the year	–	–	110,000	110,000
Total comprehensive income for the year	–	–	32,709	32,709
Transfer between reserves	–	40,000	(40,000)	–
At 31 March 2018	50,120	310,379	(3,317,797)	(2,957,298)

The notes on pages 18 – 34 form part of these financial statements

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Notes forming part of the financial statements

for the year ended 31 March 2019

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 following principal accounting policies have been applied:

Going concern

Although the balance sheet reflects net liabilities of £2,236,947 (2018 - £2,957,298), this includes a provision for a pension deficit of £3,179,000 (2018 - £3,759,000) which is not a current liability. The net asset position before pension deficit at 31 March 2019 is £942,053 (2018 - £801,702) of which £265,849 (2018 - £216,584) is held in cash and cash deposits. At 31 March 2019 net current assets stood at £54,734 (2018 - £20,398).

Having considered the forecasts for 2019 and 2020 the directors are confident that the company has adequate resources to cover its liabilities as they fall due over the 12 months from the date of this report and accordingly the accounts are prepared on the going concern 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.

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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.

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.

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1 Accounting policies (continued)

Tangible fixed assets (continued)

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 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.

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.

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.

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1 Accounting policies (*continued*)

Pension costs (continued)

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.

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

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2 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

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 professionally 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.

3 Employees

	2019	2018
The average number of persons (including executive directors) employed during the year was:	35	38

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4 Other finance charges

	2019 £	2018 £
Expected return on pension scheme assets	255,000	248,000
Interest on pensions scheme liabilities	(350,000)	(342,000)
	(95,000)	(94,000)

5 Tangible fixed assets

	Investment property £	Land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>				
At 1 April 2018	550,000	292,115	185,216	1,027,331
Fair value adjustment	117,000	—	—	117,000
At 31 March 2019	667,000	292,115	185,216	1,144,331
<i>Depreciation</i>				
At 1 April 2018	—	69,848	176,179	246,027
Provided for the year	—	4,282	6,703	10,985
At 31 March 2019	—	74,130	182,882	257,012
<i>Net book value</i>				
At 31 March 2019	667,000	217,985	2,334	887,319
At 31 March 2018	550,000	222,267	9,037	781,304

Included within land and buildings is £135,548 (2018 - £135,548) for land upon which no depreciation has been provided.

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Investment properties

The investment property is valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuation was undertaken 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 surplus on revaluation of investment property arising of £117,000 has been credited to the profit and loss for the year.

6 Debtors

	2019 £	2018 £
Trade debtors	127,630	158,458
Other debtors	48,506	36,617
	<hr/> 176,136	<hr/> 195,075

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

7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	105,484	110,754
Taxation and social security	32,860	34,117
Other creditors	278,573	273,235
	<hr/> 416,917	<hr/> 418,106

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.

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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 2019 company contributions of £7,856 were outstanding in respect of defined benefit schemes and included within creditors (2018 - £7,825).

The last full actuarial assessments of both local authority funds were carried out by qualified independent actuaries at 31 March 2016.

At 31 March 2016 the market value of the company's share of assets within the Hampshire County Council scheme was equivalent to a funding level of 81%. To spread this deficit over employees' expected remaining service lives the company, on actuarial advice, is paying a contribution rate of 17.6% plus £52,400 for the year ending 31 March 2019 and a contribution rate of 18.6% plus £54,400 for the year ending 31 March 2020. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

At 31 March 2016 the market value of the company's share of assets with the Kent County Council scheme was equivalent to a funding level of 89%. To spread this deficit over employees' expected remaining service lives the company, on actuarial advice, is paying a contribution rate of 30.3% plus £20,000 for the year ending 31 March 2019 and a contribution rate of 30.3% plus £20,000 for the year ending 31 March 2020. 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 2019. The results will be available by 31 March 2020.

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 2019. 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.

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8 Pensions *(continued)*

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

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. Although this may affect the calculation of the current service cost in future years, there is no impact in 2018/19 as this cost is calculated by reference to assumptions at the start of each year.

The McCloud judgement

In 2018 the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement which found that the transitional protection arrangements put in place when the firefighters' and judges' pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

The Government Actuary's Department (GAD), under instruction of the LGPS Scheme Advisory Board, has calculated two different scenarios for the potential accounting liability. These estimates are at Scheme level encompassing a range of different assumptions typically used by employers to report pension costs. The eventual impact on The Southern and South East England Tourist Board's accounts will depend on the remedy chosen by government to compensate members of The Southern and South East England Tourist Board's membership, and the assumptions used to report pension costs at time of recognition. However, applying the expected rates from the scenario that appears to most closely fit the company's situation would indicate a potential impact on the accounting liability of approx £3k to £6k.

The estimated liability makes a number of simplifications including: assuming that all post-2012 joiners would be compensated; assuming members would receive 'better of both' the pre-2014 Scheme benefits and post-2014 Scheme benefits by the time they reach their pre-2014 normal pension age; assuming the underpin applies only to members on retirement, and not in the case of members voluntarily leaving the scheme before retirement, and assuming no compensation would be granted to employees who paid higher contribution rates whilst in the 2015 Scheme.

It is unknown what impact this will have on future employer contributions.

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8 Pensions *(continued)*

GMP equalisation rulings

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. All of the public service schemes, including the LGPS were contracted out. Reforms to the State Pension system on 6 April 2016 removed the facility by which central government paid top-up payments to members with GMP who reached State Pension Age after that date.

In March 2016 the government introduced an 'interim solution' which made the LGPS responsible for paying the full increases on GMPs for individuals reaching State Pension Age (SPA) from 5 April 2016 through 6 December 2018. In January 2018 Government extended the interim solution to individuals reaching SPA before 5 April 2021, passing further cost to the LGPS. This has not yet been accounted for.

Separately, on 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

Actuaries have adopted a number of different approaches when estimating the potential accounting liability and that adopted by the actuary for the Hampshire scheme would require the addition of 0.1% of the defined benefit obligation. This estimate has been calculated for a typical LGPS Fund and is indicative of an additional liability for a typical employer and does not reflect the individual characteristics of The Southern and South East England Tourist Board's membership. Costs could be higher for employers with a membership that is older than average (who predominantly accrued service between 1978 and 1997 when GMPs were being accrued), however, applying the estimated rate to the current defined benefit obligation of £9,349,000 would indicate a potential impact on the accounting liability of approx £9k.

The next full actuarial assessment of the funds is expected to include the liability of the second interim solution to April 2021. It is currently not known if the 2019 valuation will allow for indexation beyond 2021, as this will depend on the timing of any Scheme changes announced by HM Treasury and the Administering Authority's policy on reflecting this risk within contribution rates. Where an additional liability arises in the Fund in relation to past service this will result in increased employer contribution rates in the future.

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8 Pensions *(continued)*

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

	2019 £	2018 £
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(13,835,000)	(13,871,000)
Current service cost	(28,000)	(31,000)
Interest cost	(350,000)	(342,000)
Benefits paid	411,000	374,000
Actuarial gains/(losses)	(27,000)	40,000
Contributions by participants	(5,000)	(5,000)
	<hr/>	
At the end of the year	(13,834,000)	(13, 835,000)
	<hr/>	

	2019 £	2018 £
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	(13,834,000)	(13,835,000)
	<hr/>	

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8 Pensions *(continued)*

	2019 £	2018 £
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	10,076,000	10,040,000
Interest income on plan assets	255,000	248,000
Actuarial gains	642,000	70,000
Cash contribution	90,000	89,000
Benefits paid	(411,000)	(374,000)
Administration expenses	(2,000)	(2,000)
Contributions by participants	5,000	5,000
	<hr/>	<hr/>
At the end of the year	10,655,000	10,076,000
	<hr/>	<hr/>
	2019 £	2018 £
Fair value of plan assets	10,655,000	10,076,000
Present value of plan liabilities	(13,834,000)	(13,835,000)
	<hr/>	<hr/>
Net pension scheme liability	(3,179,000)	(3,759,000)
	<hr/>	<hr/>

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8 Pensions (continued)

	2019	2018
	£	£

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

Included in administrative expenses

Current service cost	28,000	31,000
	28,000	31,000

Amounts included in other finance costs

Net interest cost	95,000	94,000
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	2019	2018
	£	£

Analysis of actuarial loss recognised in Other Comprehensive Income

Actual return less interest income included in net interest income	186,000	33,000
Changes in assumptions underlying the present value of the scheme liabilities	429,000	77,000
	615,000	110,000

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8 Pensions *(continued)*

	2019	2018
	£	£
<i>Composition of plan assets</i>		
Equities	6,741,000	6,456,000
Bonds	2,295,000	1,977,000
Property	975,000	903,000
Other	644,000	740,000
	<hr/>	
	10,655,000	10,076,000
	<hr/>	
	2019	2018
	£	£
<i>Actual return on plan assets</i>	897,000	318,000
	<hr/>	<hr/>

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8 Pensions *(continued)*

	Hampshire		Kent	
	2019	2018	2019	2018
	%	%	%	%
<i>Principal actuarial assumptions used at the balance sheet date</i>				
Discount rates	2.40	2.60	2.35	2.50
Future salary increases	2.20	2.10	2.45	2.35
Future pension increases	2.20	2.10	2.45	2.35
<i>Inflation assumption</i>				
RPI	3.30	3.20	3.45	3.35
CPI	2.20	2.10	2.45	2.35
<i>Mortality rates:</i>				
- for a male aged 65 now	23.3	24.1	22.0	23.1
- at 65 for a male member aged 45 now	24.9	26.2	23.7	25.3
- for a female aged 65 now	26.1	27.2	24.0	25.2
- at 65 for a female member aged 45 now	27.8	29.4	25.8	27.5

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.

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Profit and loss account

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 Mr N T Smith'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 £11,399 during the year (2018 - £6,433) and made purchases of £4,623 (2018 - £6,214). At the balance sheet date the amount owed to the company by WEL was £11,399 (2018 - £6,433) and the amount owed to WEL was £26,393 (2018 - £31,402).

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

11 Prior year adjustment

In the prior year financial statements the revaluation gain on the company's investment property was incorrectly presented within other comprehensive income rather than within profit or loss as required by FRS102. The incorrect classification resulted in the loss for the financial year being overstated by £40,000. Total comprehensive income for the year remained unchanged.

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