



Annual Report & Financial Statements

Year Ended 31 March 2015



TOURISM
SOUTH EAST

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Cover images, Top L to R:
Bournemouth Air Festival
Dover Castle, Kent
Tea Room Windsor
Blenheim Palace, Oxfordshire
Box Hill, South Downs National Park
Staff at The Bell, East Sussex
McArthur Glen Outlet Shopping, Ashford, Kent

Statement from the Chairman



The driving force for success in the ever changing world of tourism, is that our guests, visitors, or customers seek enjoyable, good value experiences. They have ever increasing expectations, regardless of the current economic climate in which our businesses have to operate. We know that to succeed we have to be continuously creative, reinvest in our assets, and encourage our staff to better anticipate and satisfy our guests' needs. The challenge is to keep our businesses competitive. Our job at TSE is to support all of you, our members and partners, to the best of our abilities.

Without grant aid, TSE is a mutually owned entity, delivering all our services at the lowest possible cost to our partners. Again, this has been most successfully done over the last year. The main purpose of our Annual Report is to explain what we have done, and are doing – and as your Chairman, I have the freedom to also express my personal views about our future prospects. Despite clear evidence that we are over the worst of the post-economic crisis, with some signs of recovery and confidence, there are still further stringent cuts coming to Local Authority budgets over the coming year, and Government cutbacks across most Departments. This will have serious consequences for those directly affected.

Meanwhile, with the General Election behind us, and a non-coalition Government in power, Tourism has had some really good fortune in the appointment of John Whittingdale as DCMS Secretary of State, and Tracey Crouch as Minister for Sport and Tourism. As the longstanding former Chair of the All Party DCMS Select Committee, John Whittingdale has a very good knowledge of the needs of Tourism, and Tracey Crouch was a member of that Committee. Their latest Report on Tourism, published just before the Election, makes very heartening reading. They are aware of the potential and understand the difficulties that our fragmented "industry" faces. Now they are in office, Tourism stands its best chance of innovative Government policy for many years.

Peter Colling, who has completed his term as Managing Director at the year end, has been a terrific leader for TSE over a period of great disruptive change, during which he has been exemplary. On your behalf, I express my thanks to him, as I hope will many of you – his efforts have benefitted all Tourism businesses in the South East and beyond. It is our great good fortune to have appointed Nigel Smith as his successor. Nigel has worked with TSE for several years and is well known to many of you.

So, looking back, I say thanks to all our staff team for another successful year. Looking forward, there are reasons to be hopeful. At TSE we will continue to work hard and resourcefully to serve your needs.

**Ken Robinson CBE, Chairman
Tourism South East**



Chairman at Hampshire Chamber



Chairman at Beautiful South Awards 2014/15

Statement from the Managing Director



In April 2015 I handed over the reins of CEO to Nigel Smith after 27 years at Tourism South East. It has been a privilege and a pleasure to be part of the organisation's growth and subsequent transformation over the last five years into the centre of expertise and service provider it is today. I am delighted to report that, despite the continuing uncertainties and challenges of the operating environment for TSE and our partners, we made very good progress towards financial sustainability in 2014/15 and delivered an impressive range of activities in support of our commercial members and destination partners.

We achieved this by continuing to focus on our strengths – our specialist tourism expertise, ability to coordinate and deliver multi-destination projects and a wide range of tried and tested products and services that deliver great results. Making sure we understood the needs and priorities of our members and partners so that services could be tailored accordingly was a guiding principle. Wherever possible we looked to work in partnership with others to combine strengths and offer joined up services as exemplified by the joint membership arrangements with Visit Kent, Experience Oxfordshire and the Winchester and Heart of Hampshire Partnership.

Programme highlights for the year feature in the following pages. There are many but I am particularly proud of the way we managed to ramp up our PR programme to the extent of securing around £5m worth of coverage for the South East's destinations and businesses in 2014/15. Excursions again exceeded all expectations cementing its reputation as the biggest one day group leisure show in the country and our research

and Welcome to Excellence programmes showed that TSE has the expertise to compete for contracts and deliver on a national basis. The competence to organise interviews for nearly 2500 users in remote locations around the country as part of the National Trails Survey and new accreditation as an Institute of Leisure Management Centre, are good examples of this. It is also pleasing to report the excellent progress made to build traffic to the consumer website by focusing attention on great content, search optimisation and links to social media channels.

None of this would have been possible without the hard work of a great team. Despite the uncertain and challenging circumstances they have stayed focused and dedicated to the task over delivering great services. My thanks to them all. I am also extremely grateful to TSE's Chairman, Ken Robinson and the TSE Board for their guidance and support over the last year and the turbulent times that preceded them. Together we have made great progress and it's pleasing to hand over the reins to Nigel's capable hands with TSE in a sound position. And, finally, my thanks also to our destination partners and commercial members for their continuing support.

**Peter Colling, Managing Director
Tourism South East**



INTRODUCTION FROM THE CHIEF EXECUTIVE

I am extremely pleased and proud to be taking over from Peter at this important time in TSE's evolution – only a few can probably appreciate how much commitment and perseverance has gone in from Peter, the staff, the Chairman and the Board over the last few years to put the organisation where it is. I have been both a customer and employee of the organisation over the past 10 years, so I am very aware of its strengths, weaknesses and above all, its potential. With resources, certainly in the public sector, getting increasingly scarce a stable and self sufficient

TSE will be vital to ensure the industry gets the support it needs – two way communication with members and partners and being flexible but focussed will be key to achieving that aim.

**Nigel Smith, Chief Executive
Tourism South East**

Joining Forces to Support Tourism



New Membership Brochure 2014

COMMERCIAL MEMBERSHIP

TSE engages with a wide range of tourism businesses - from the smallest B&Bs and country pubs to world class attractions and national institutions, it provides services that appeal to all sectors of the industry. The organisation has continued to work well with other tourism associations such as Winchester and the Heart of Hampshire DMP, VisitKent and ExperienceOxfordshire by enabling access to local and TSE benefits through a single fee. A number of improvements were made to communication with members including moving to a monthly e-newsletter, revamping the membership information and holding more local networking meetings. TSE continued to lobby on behalf of members particularly as 2014/15 saw several tourism industry reviews at Central Government level and, in the build up to the General Election, the creation of political party manifestos.



Online Press Coverage

DESTINATION PARTNERSHIP

In recent years TSE has had to become much more accountable for the benefits it provides for its destination partners and in 2014/15 it introduced even more detailed Service Level Agreements (SLAs), greater monitoring of activity through a CRM and a dedicated management of the destination leads. This helped us retain the commitment of destination partners during the year. The coverage also secured for destinations by the dedicated PR Manager increased significantly and played a major part in demonstrating the value TSE can provide to destination partners in these budget squeezed times. A Destination Managers Forum was held at Clandon Park in February where partners were invited to share the pressures, challenges and opportunities of managing tourism at the local level. Kurt Janson from the Tourism Alliance also gave an update on reviews of tourism support at national level.



Winners of Small Hotel Category 2014

BEAUTIFUL SOUTH AWARDS

The regional awards culminated in over 300 tourism industry representatives attending the celebration evening at the Grand Hotel in Brighton in December 2014. Jointly hosted by TSE Chairman, Ken Robinson and Heart radio broadcaster Rich Clarke, the evening saw over 60 awards given out with an Outstanding Contribution to Tourism going to Lord Lee of Trafford. Ultimately, 5 of the regional award winners went on to the national awards in May 2015. Livingstone Lodge, Port Lympne and Swan House, Hastings secured Silver Awards whilst Chewton Glen, Hampshire and Barnett Hill, Guildford won Bronze Awards. The Monkey Haven on the Isle of Wight achieved a Highly Commended.



Staff and Members networking at AGM

AGM/TOURISM CONFERENCE

The 2014 AGM and Tourism Conference – the Next Big Thing - was held in September at Denbies Wine Estate and for the first time secured dedicated sponsorship from air conditioning suppliers Gallant and Samsung. Over a 100 members, destination partners and guests enjoyed presentations on the latest tourism trends, the government reviews and inquiries, digital and overseas marketing and how to promote to the fastest growing demographic of them all – the mature market.

Creating Compelling Marketing Campaigns



Excursions 2015

GROUPS

TSE has a strong reputation as a specialist in the provision of activities to promote to the Coach and Group Travel market. The Excursions™ exhibition at Alexandra Palace continued to be TSE's flagship event and with its 40th anniversary approaching in 2016, it had its most successful year since it began. Other TSE group travel fairs and shows held their own but prove increasingly difficult to deliver cost effectively. The team developed its database marketing capabilities with over 10,000 contacts regularly receiving the trade newsletter whilst the more traditional printed Group Travel Guide remained popular with operators.



England's South Coast at Vakantiebeurs 2015

OVERSEAS

TSE took a strategic decision to expand its overseas marketing activity in 2014/15 re-assigning existing, experienced staff to support the core team. As a result of a survey of members, new activity was introduced to target trade operators in the US and Scandinavia. The core campaigns continued to target Nr Europe and China/Asia with sales missions to the respective destinations and also participation in VisitBritain's hosted buyer events on home soil. Also new in 14/15 was the piloting of the 'England's South Coast' brand at the Dutch consumer travel show Vakantiebeurs. Together with our destination and commercial partners there was additional support from Flybe, Southampton Airport, Avis and Bombay Sapphire. Inbound Dutch operator House of Britain also created a series of packaged breaks under the England's South Coast umbrella which were also launched at the show. The numbers of overseas visitors to the region grew to record levels in 2014.



Online booking enabled on TSE website

DIGITAL

The visitsoutheastengland website is the primary vehicle through which TSE promotes to the domestic consumer and 14/15 saw a 40% increase in web traffic. This was generated largely through a concentrated effort by the digital team to analyse and develop content on the site.

Online booking for accommodation operators was introduced for the first time through a system known as 'polling' and a new event entry function enabled events to be put on the site remotely by members at any time. Many members and destinations also took advantage of the regular enews sent to TSE's database of over 65,000 consumers.



Media reception at Vakantiebeurs 2015

PR

Under the banner of our destination partnerships, TSE significantly increased engagement with press and media and, through the Travmedia system, responded to hundreds of media requests for information. The annual Media Party in London in March also attracted 60 journalists, broadcasters, bloggers and travel writers who met with destination partners and took away lots of information on things to do, places to visit and press trip itineraries. We continued to liaise with VisitEngland and VisitBritain on international press and hosted our own 'Meet the Media,' with the support of Bombay Sapphire, at the Vakantiebeurs show in Holland.



Great Country Pubs

PUBS

The Great Country Pubs project took a major leap forward as TSE incorporated it into a variety of overseas marketing initiatives in Europe, China and the US. VisitBritain also featured a link to the website in its Pubs are GREAT international marketing. There was lots of interest from press and media in the initiative and a number of press trips occurred during the year. Traffic to the Great Country Pubs website again grew exponentially achieving over 40,000 hits a month on average across the year.

Delivering Expertise and Specialist Services



ILM Presentation

DEVELOPING THE SKILLS OF BUSINESSES

TSE has a reputation for delivering effective, tailored and cost effective training including the award winning Welcome to Excellence programmes which we coordinate nationally. A total of 1,856 participants attended courses across the South East including 200 drivers from Brighton and Hove buses and 150 from the Metrobus Gatwick depot. TSE also signed new contracts with Bombay Sapphire and Red Funnel Ferries.

The Welcome to Excellence suite was enhanced by the addition of an essential selling course which was launched in November 2014 and an innovative on-line customer service course which was launched in February 2015.

We registered our first cohort for the Institute of Leadership and Management (ILM) qualifications and after a rigorous external assessment process all of the candidates successfully achieved their Awards. To mark the occasion a celebration event was held at the Surrey Holiday Inn and the ILM presented certificates to each individual. This will provide us with new opportunities during 2015/16.



Rye TIC reception

VISITOR SERVICES

In the changing and challenging world of visitor information TSE successfully managed 7 TICs under contract to local authorities although, due to budget cuts, Fareham and Rye TICs closed at the end of March. We continued to offer our discount purchasing service, with substantial discounts on sales of publications to tourism businesses. This service has become much more competitive with other suppliers approaching our customers direct. However, sales in 2014/15 were only slightly less than the previous year.

Working with our destination partners, we continued to offer support and advice including the provision of alternative methods of visitor information and mystery shopping. We coordinated two meetings for VIC/TIC managers across the south east giving opportunities to share best practice.



National Trails surveys

RESEARCH

The Research team continued to provide cost effective services to destinations, attractions and other clients that covered visitor surveys, business surveys, and tourism value and volume studies. In total 33 research projects were delivered. Of particular note, the unit was successful in securing and delivering two major projects designed to help public bodies evaluate investment in the countryside. The National Park Travel Survey commissioned jointly by the New Forest and South Downs National Park Authorities involved gathering data from 1,500 national park visitors to assist in their evaluation of recent initiatives to encourage greener forms of travel to and around the two national parks. The National Trail Visitor Survey commissioned by Natural England involved gathering data from 2,415 visitors across England's 13 established National Trails to assist the authority in understanding the wider benefits of investment in trails.

The year also saw the launch of a new website for the unit to raise awareness of its services to the wider commercial market.



Wind Farms - Impact on tourism?

BESPOKE CONTRACTS

With a vastly experienced core team at TSE the organisation can offer both specialist expertise and general support across a wide variety of areas. In 2014/15 TSE once again provided administration support to the New Forest Tourism Association and the Best of Dorset attractions, it acted as treasurer for the Tourism Management Institute and it provided the management and co-ordination for 15 events attended by the Isle of Wight Exhibitions Group. The digital team also continued to provide contract services for data management of external websites including VisitThames, VisitHampshire, Rother District Council and Around Gatwick as well as bespoke support for destinations on websites, googleanalytics and web-audits. Consultancy services were also provided to Bournemouth Borough Council with regard to the proposed Navitus Bay Offshore Wind Farm development.

Report and Financial Statements For the year ended 31 March 2015 Report of the Directors

The directors present their report together with the financial statements for the year ended 31 March 2015.

For the year ended 31 March 2015 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

RESULTS

The profit and loss account is set out on page 11 and shows the loss for the year.

PRINCIPAL ACTIVITIES

REVIEW OF THE COMPANY'S ACTIVITIES AND FUTURE DEVELOPMENTS

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 and has responded 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.

RESULTS

Turnover for the year amounted to £1,946,265 (2014: £2,077,378), comprising income arising directly from the company's activities of £1,747,790 (2014: £1,856,254) and membership subscription income of £198,475 (2014: £221,124). The decrease in turnover is once again due to a combination of normal trading fluctuations and planned changes in activity, together with the impact of the absence of any significant grant funding in 2014/15. Other operating income from rent and service charges was £48,689 (2014: £44,956).

Administrative expenses have increased to £399,379 (2014: £317,959). This figure includes restructuring costs of £89,647 (2014: £10,860). Savings have been achieved in a number of areas and this restructuring should lead to further savings across the company in coming years.

The loss on ordinary activities for the year after taxation amounted to £84,234 (2014: £47,142). The most significant element of the change is the increase in restructuring costs.

The Statement of total recognised gains and losses includes a pension scheme net actuarial loss of £756,000 (2014: loss of £66,000) giving total recognised losses for the year of £840,234 (2014: loss of £113,142).

PRINCIPAL RISKS AND UNCERTAINTIES

Future cuts in central government funding for Local Authorities put pressure on the availability of their budgets for activities and services provided by the company. The Board manages risk by continually reviewing its priorities and activities, operational efficiencies and by ensuring that its commercial activities are as effective as possible.

GOING CONCERN

The company incurred further restructuring costs in the year in order to drive down its cost base still further as it continues to strive towards a return to break even. Although the balance sheet reflects net liabilities of £3,491,643, this includes a provision for a pension deficit of £4,150,000 which is not a current liability. The net position before pension deficit at 31 March 2015 is £658,357 of which £413,105 is held in cash and cash deposits.

The directors have considered the forecasts for 2016 and 2017 and are confident that the company has the cash resources to cover their 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.

RESERVES

The company has the following reserves as at 31 March 2015:

The special projects reserve of £50,120 (2014: £50,120) which has been created by decision of the board to be used at the discretion of the Managing Director for local projects that support members and destination partners.

Report of the Directors

For the year ended 31 March 2015

The accumulated deficit of £3,541,763 (2014: £2,701,529) comprising:

- the accumulated surplus (excluding pension liability) of £608,237 (2014: £753,471)
- the pension liability of £4,150,000 (2014: £3,455,000).

Further information about the company's reserves is provided within Note 11.

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.

DIRECTORS

The directors of the company during the year were:

Ken Robinson CBE (Chairman)
Peter Colling (Managing Director) (resigned 4 May 2015)
Sandra Barnes-Keywood
Adam Bates
Lyn Bibbings
Terry Boswell
Alan Mellins
Stephen Munn
David Philip FCA
Mark Smith
Christopher White

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the board
P Oliver



Secretary
16 July 2015

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 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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').

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 27 May 2015. 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.

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). 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 2015 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

BDO LLP
Chartered Accountants
Southampton
United Kingdom

4th August 2015

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

Profit and Loss Account

For the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	1,946,265	2,077,378
Cost of sales		1,692,024	1,843,716
Gross profit		<u>254,241</u>	<u>233,662</u>
Administrative expenses		399,379	317,959
		(145,138)	(84,297)
Other operating income		<u>48,689</u>	<u>44,956</u>
Operating loss	3	(96,449)	(39,341)
Other interest receivable and similar income		10,215	14,199
Other finance income/(charges)	5	2,000	(22,000)
Loss on ordinary activities before and after taxation for the financial year		<u>(84,234)</u>	<u>(47,142)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Statement of total recognised gains and losses			
Loss for the financial year		(84,234)	(47,142)
Pension scheme net actuarial gain/(loss)		(756,000)	(66,000)
Total recognised gains and losses for the financial year		<u>(840,234)</u>	<u>(113,142)</u>

The notes on pages 13 – 18 form part of these financial statements.

Balance Sheet

At 31 March 2015

Company number 01345038

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	6		483,001		493,028
Fixed asset investments	7		–		290
			<u>483,001</u>		<u>493,318</u>
Current assets					
Stocks		36,413		46,658	
Debtors	8	214,253		258,318	
Investments		85,113		85,000	
Cash at bank and in hand		<u>327,992</u>		<u>504,523</u>	
		663,771		894,499	
Creditors: amounts falling due within one year	9	<u>488,415</u>		<u>584,226</u>	
Net current assets			<u>175,356</u>		<u>310,273</u>
Net assets excluding pension scheme liabilities			<u>658,357</u>		<u>803,591</u>
Pension scheme liabilities	10		<u>(4,150,000)</u>		<u>(3,455,000)</u>
Net liabilities including pension scheme liabilities			<u>(3,491,643)</u>		<u>(2,651,409)</u>
Capital and reserves					
Special projects reserve	11		50,120		50,120
Profit and loss account	11		<u>(3,541,763)</u>		<u>(2,701,529)</u>
Shareholders' deficit			<u>(3,491,643)</u>		<u>(2,651,409)</u>

For the year ended 31 March 2015 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 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the board of directors and authorised for issue on 16 July 2015.

K G Robinson
Director



D R Philip
Director



The notes on pages 13 – 18 form part of these financial statements.

Notes Forming Part of the Financial Statements

For the year ended 31 March 2015

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of freehold land and buildings.

The following principal accounting policies have been applied:

Revenue recognition

In accordance with Statement of Standard Accounting Practice 4, Government and similar grants receivable are recognised in the profit and loss account of the period in respect of which the expenditure to which they relate is incurred. Any amounts received in excess of amounts earned are reflected in deferred income. Revenue from other 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 the subscription relates.

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.

Depreciation

Depreciation is provided on all tangible fixed assets with the exception of freehold land on a consistent basis at rates calculated to write off the cost or valuation of each asset evenly over its estimated useful economic life as follows:

Freehold property	50 years, with subsequent additions depreciated over the remaining life of the property
Plant and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

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

The transitional provisions of FRS 15, Tangible Fixed Assets, have been adopted. Under these provisions assets brought into account at valuation were retained at their book value and subsequently not revalued, valuations after March 2000 having been obtained for information only and not incorporated in the balance sheet. Details of the valuation in 1998 of the company's freehold property are given in note 9.

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.

Pension costs

The company operates two defined benefit schemes and 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 company has adopted in these financial statements the provisions of the FRSSE Accounting for Retirement Benefits: Defined Benefit (FRSSE ARB) 'Retirement Benefits' in that 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 total recognised gains and losses.

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 to the profit and loss account in respect of pension costs and other post retirement benefits 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 profit and loss account.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

2 TURNOVER

Turnover arises solely within the United Kingdom.

Income from government grants totalled £3,300 for the year (2014: £49,380).

Notes Forming Part of the Financial Statements

For the year ended 31 March 2015

3 OPERATING LOSS

	2015 £	2014 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	10,988	18,553
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	–	8,500
Auditors' remuneration – tax advisory services	–	1,500
Auditors' remuneration – other services	–	4,750
Redundancy costs	104,386	10,860

4 DIRECTORS' REMUNERATION

	2015 £	2014 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	74,757	73,800
Company contributions to money purchase pension schemes	10,447	10,344
Compensation for loss of office	77,140	–

There was 1 director in the company's defined benefit pension scheme (2014–1)

5 OTHER FINANCE INCOME/(CHARGES)

	2015 £	2014 £
Expected return on pension scheme assets	486,000	456,000
Interest on pensions scheme liabilities	(484,000)	(478,000)

Notes Forming Part of the Financial Statements

For the year ended 31 March 2015

6 TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Total
Cost or valuation	£	£	£
At 1 April 2014	594,878	304,203	899,081
Additions	961	–	961
Disposals	–	(41,286)	(41,286)
At 31 March 2015	<u>595,839</u>	<u>262,917</u>	<u>858,756</u>
Depreciation			
At 1 April 2014	108,253	297,800	406,053
Provided for the year	8,567	2,421	10,988
Disposals	–	(41,286)	(41,286)
At 31 March 2015	<u>116,820</u>	<u>258,935</u>	<u>375,755</u>
Net book value			
At 31 March 2015	<u><u>479,019</u></u>	<u><u>3,982</u></u>	<u><u>483,001</u></u>
At 31 March 2014	<u><u>486,625</u></u>	<u><u>6,403</u></u>	<u><u>493,028</u></u>

The company's freehold land and buildings were valued in 1998 and reduced to £545,000. In this case there is no difference in net book value between accounting for fixed assets on a revalued or historical cost basis.

Included within freehold land and buildings is £280,000 (2014: £280,000) for land upon which no depreciation has been provided.

As referred to in note 1, under the provisions of FRS 15 adopted from March 2000, assets brought into account at the valuation detailed above were retained at their book value at that date and subsequently not revalued in the financial statements. If the company's property were sold at its 1998 valuation no corporation tax liability would arise (2014: £Nil).

Notes Forming Part of the Financial Statements

For the year ended 31 March 2015

7 FIXED ASSET INVESTMENTS

	Shares in group undertakings and participating interests £
At 1 April 2014	1,000
Disposals	(1,000)
At 31 March 2015	–
Provisions	
At 1 April 2014	710
Disposals	(710)
At 31 March 2015	–
Net book value	
At 31 March 2015	–
At 31 March 2014	290

The company acquired 50% of the ordinary share capital of Remarkable Events Limited on the incorporation of that company on 7 November 2011. The nature of the business of Remarkable Events Limited was event management, including organisation of the Disabled British Golf Open. The company ceased trading on 31 March 2014 and was dissolved on 3 February 2015.

8 DEBTORS

	2015 £	2014 £
Trade debtors	169,375	206,455
Other debtors	44,878	51,863
	<u>214,253</u>	<u>258,318</u>

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

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	143,434	223,846
Taxation and social security	19,331	29,374
Other creditors	325,650	331,006
	<u>488,415</u>	<u>584,226</u>

Notes Forming Part of the Financial Statements

For the year ended 31 March 2015

10 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 any of the schemes and has no control over the investment decisions and assumptions made by their administrators.

At 31 March 2015 company contributions of £47,140 were outstanding in respect of defined benefit schemes and included within creditors. (2014: £nil).

The last full actuarial assessments of both local authority funds were carried out by qualified independent actuaries at 31 March 2013.

At 31 March 2013 the market value of the company's share of assets within the Hampshire County Council scheme was equivalent to a funding level of 80%. To spread this deficit over employees' expected remaining service lives the company, on actuarial advice, is paying a contribution rate of 15.6% plus £29,200 and 15.6% plus £35,000 for the years ending 31 March 2015 and 2016 respectively, and a contribution rate of 15.6% plus £42,000 for the year ending 31 March 2017. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

At 31 March 2013 the market value of the company's share of assets within the Kent County Council scheme was equivalent to a funding

level of 83%. To spread this deficit over employees' expected remaining service lives the company, on actuarial advice, is paying a contribution rate of 30.3% plus £43,000 and 30.3% plus £45,000 for the years ending 31 March 2015 and 2016 respectively, and a contribution rate of 30.3% plus £47,000 for the year ending 31 March 2017. 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 2016. The results will be available by 31 March 2017.

The valuations have been updated by the actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the funds as at 31 March 2015. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

Both County Council funds are closed to new members from The Southern and South East England Tourist Board and therefore use of the projected unit method to value liabilities will mean that the current service cost increases as the members approach retirement. Should the company cease to participate in the admission agreements a greater liability than that concluded for FRS 17 purposes might result.

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

	2015 £	2014 £
Value of scheme assets and liabilities		
Market value of assets	8,614,000	7,862,000
Present value of scheme liabilities	(12,764,000)	(11,317,000)
Pension scheme deficit	<u>(4,150,000)</u>	<u>(3,455,000)</u>
Movements in the year		
Pension scheme deficit at the beginning of the year	(3,455,000)	(3,430,000)
Current service cost	(52,000)	(41,000)
Interest cost	(484,000)	(478,000)
Cash contribution	111,000	104,000
Actuarial (losses)/gains	(756,000)	(66,000)
Expected return on assets	486,000	456,000
Pension scheme deficit at the end of the year	<u>(4,150,000)</u>	<u>(3,455,000)</u>

The company made contributions of £2,538 in respect of defined contribution pension schemes in the year.

Notes Forming Part of the Financial Statements

For the year ended 31 March 2015

11 RESERVES

	Special Projects reserve	Profit and loss account
	£	£
At 1 April 2014	50,120	(2,701,529)
Loss for the year	-	(84,234)
Actuarial loss	-	(756,000)
At 31 March 2015	<u>50,120</u>	<u>(3,541,763)</u>

If the pension scheme liability was excluded from the financial statements, the accumulated deficit would change from £3,541,763 (2014: £2,701,529) to an accumulated surplus of £608,237 (2014: £753,471).

12 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. TSE is a director of, and 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 directors consider that no one party has control over the company.

The company received income from WEL totalling £8,760 during the year (2014: £17,615) and made purchases of £6,435 (2014: £7,040). At the balance sheet date the amount owed to the company by WEL was £8,760 (2014: £17,615) and the amount owed to WEL was £29,843 (2014: £43,150).

13 CAPITAL COMMITMENTS

The company has no annual commitments under non-cancellable operating leases.

14 CAPITAL

The company is incorporated under the Companies Act 1948 as a company limited by guarantee and not having share capital.

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