

TOURISM
SOUTH EAST

ANNUAL
REPORT
AND FINANCIAL STATEMENTS

Year Ended 31 March 2010

the
Beautiful
South



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A message from the Chairman, John Williams



Introduction from the Chief Executive, Mike Bedingfield



The tourism industry has much to offer the country in driving economic recovery and the South East, the largest visitor economy outside London and worth £13bn, must and will be in the lead. We have had a very successful 2009/10. However, the decision by SEEDA to cut our core funding in 2010/11 by 50% cast a shadow over our 2009/10 achievements.

We are now planning to adjust and evolve to a different operating and funding environment. We remain a centre of support, resource and expertise to the tourism industry and this report sets out the breadth of our skills and delivery across marketing and communications; research and market intelligence; training and business advice; and development and regeneration, both centrally and through our six locally focused Area Tourism Partnerships.

Of course, funding cuts are a reality everywhere. The government has announced the abolition of the RDAs and the government spending review, to be finalised in October, is looking for a minimum of 25% cuts. Like many others, we will have to achieve more with less. Some of SEEDA's roles will fall to the proposed new Local Enterprise Partnerships. We are already in discussions with those local authorities and businesses seeking to create them in the South East, to see how they can support tourism and the role Tourism South East might play to help them achieve that.

Our membership of over 2,000 tourism businesses and over 50 local authorities is a great strength and will form a strong foundation on which to forge a new structure best suited to respond to a new, far more cash constrained environment. We have in John Penrose MP, a Tourism and Heritage Minister who clearly believes in the potential of our industry. With his Secretary of State, The Rt Hon Jeremy Hunt MP, he has set ambitious targets for the growth of domestic tourism and for reaping the full benefits of the 2012 Games, which feel ever closer. We look forward to responding to their challenge.

John Williams
Chairman

Image: Ascot Racecourse, Berkshire

At the end of my first year, I am exceptionally proud of the support the team has delivered to our members, local authority partners and tourism businesses, in the face of increasingly challenging economic and trading conditions. When I arrived, I chose innovation in tourism as a theme for the year.

Tourism is vital to the region's economy and we have been extremely active in engaging with tourism businesses who have harnessed innovation to carry them through recession. Many have been generous in sharing their routes to success. Thank you for these great networking and learning opportunities. We achieved our own innovation with the launch and positioning of the Beautiful South branding which encompasses the diversity and inspiration of our region.

Through our six Area Tourism Partnerships our focus has been on championing and supporting tourism locally, using our influence nationally and ensuring we deliver economies of scale to our members. As momentum gathers towards 2012, improving quality has never been more important and I am delighted to report we had a record number of entries in our 2009 Tourism ExSelling Awards. No other region achieved more awards at a national level and my congratulations to our two Gold and five Silver winners.

The quality of the welcome visitors receive is so important and I was delighted we launched our new training programme, Welcome Host Gold, at the Best of Britain & Ireland Show in March. Consumer expectations of service and quality continue to rise and our cutting edge training courses provide businesses with the tools to deliver world leading customer service.

With a demanding year and tough financial times ahead, I reaffirm that all of us at Tourism South East are committed to driving the growth of the visitor economy and delivering the best possible support to our members, local authority partners and to all tourism businesses in the Beautiful South.

Mike Bedingfield
Chief Executive

Image: Brighton Sunset, East Sussex



A message from SEEDA



Key Achievements

We have made real progress over the last year and there are many things that we are proud of. Here's a selection:



Tourism is a major component of the South East's economy and contributor to the quality of life of its residents. It is the golden thread that underpins the economies of many of our urban, seaside and rural economies.

Even in these difficult economic times, it has the potential to make an even greater contribution by capitalising on the trend to holiday at home. SEEDA believes that tourism in the South East is well placed to take advantage of this and achieve significant growth. It has a particularly important role to play as an employer of young people providing, for many, their first steps into the workplace and skills that will serve them throughout their careers.

As SEEDA's delivery partner for tourism, Tourism South East has played a vital role in helping to coordinate this highly fragmented industry, working through partnerships of all kinds to support businesses at risk and maximise the potential of others. We have been greatly encouraged by Tourism South East's performance over the course of 2009/10.

From an initial investment from SEEDA of £2.2m Tourism South East leveraged a further £3.1m which provided support to over 2,200 businesses and trained over 2,800 individuals. The estimated GVA generated by Tourism South East's programme in 2009/10 is between £70m and £80m for the region. Tourism South East is an organisation that has consistently demonstrated value for money over the years as recognised by an independent financial appraisal and monitoring audit undertaken on behalf of SEEDA in 2009/10.

Rob Douglas, CBE
Chairman, SEEDA

- 1. ON YOUR MARKS ... GET SET ... GO!**
Delivering on the 2012 visitor economy strategy
 - Successful £800,000 SEEDA bid supporting £1.8m spend
 - 11 pre-Games training camps secured
 - Launch of campaign to become the country's most accessible region
- 2. MARKETING INVESTMENT WORKING HARDER**
Spreading the word far and wide
 - Funding for three new campaigns led to major successes
 - Launch of the Beautiful South brand
 - Targets exceeded for domestic campaigns including top Return on Investment of 50:1 for Family Fun
- 3. RESEARCH SERVICES AND MARKET INTELLIGENCE**
Getting the picture... Understanding the picture
 - 40 projects completed including visitor surveys and economic impact studies
 - Introduction of a monthly Market Intelligence Bulletin
 - Large-scale externally commissioned projects
- 4. SKILLS AND TRAINING**
Delivering the tools for delivering the job
 - Over 900 businesses and over 2,800 individuals participated on training programmes
 - Launch of Welcome Host Gold, the leading edge customer care programme
 - Development and management of enhanced national Tourist Information Centre programme

- 5. MEMBER SUPPORT**
Supporting and informing members at all times
 - Using positive influence to support Local Authorities
 - Re-energised support for Area Tourism Partnerships
 - Corporate PR: £268k Advertising Value Equivalent, 42 million Opportunities to See and 14.8 million circulation
- 6. BUSINESS SUPPORT AND ADVICE**
Support where needed ... Influence where useful
 - Positively influencing legislation (Furnished Holiday Lettings and Performing Right Society rules and regulations)
 - Speaking on behalf of tourism through the Tourism Alliance's Tourism Manifesto
 - Influencing the Government's thinking about tourism
- 7. AWARDS AND QUALITY**
Recognising the glint of pure gold
 - Record number of entries for Tourism ExSEllence Awards
 - Highest-ever number of regional winners (seven) shortlisted for national Awards
 - Regional involvement at a national level to support the quality agenda and research programme
- 8. SUSTAINABILITY AND ECONOMICALLY SUSTAINABLE COMMUNITIES** - Helping businesses, communities and destinations achieve a long term future
 - Direct involvement with Green Tourism Business Scheme
 - Leading the redevelopment and launch of the new green training course, Green Edge
 - Successful applications for RDPE funding for the Hidden Britain South East and Open Countryside projects



ON YOUR MARKS... GET SET... GO!

DELIVERING ON THE 2012 VISITOR ECONOMY STRATEGY

A major turning point occurred with a successful bid to SEEDA for £800,000, which led to a refresh of our On Your Marks strategy which was reissued in March 2010. Excellent progress was made during the year in attracting overseas interest including securing 11 training camps and promoting and raising awareness of accessibility.

FOCUSING INTERNATIONAL ATTENTION

Supporting the Global Image and Awareness plan, regional partners were promoted to media and operator contacts from Meet the Media and Trade missions. Complementing the existing Go China! partnership, support was given to an Oxfordshire visit of Chief Executives of 30 UK based Chinese companies. International and domestic trade familiarisation visits were hosted for 50 tour operators from Asia, Eastern Europe and France.

SECURING PRE-GAMES TRAINING CAMPS

A new focus on securing pre-Games training camps was supported by an additional award of £180,000 of SEEDA funding over a two year period. As a result of this programme, 11 National Olympic Committees signed memorandums of understanding to base camps in the South East. A separately funded delegation to China has also resulted in a number of planned visits by Chinese teams.


SETTING THE STANDARD FOR ACCESSIBILITY

The South East's campaign to become the most accessible region by 2012 was launched. John Williams accepted the role of 'Accessibility Ambassador' in support of the Accentuate Project. Funded by the Legacy Trust UK, SEEDA and regional cultural agencies, Accentuate combines 15 major projects inspired by the region's Paralympic heritage.

Excellent progress was made on subsidised destination access audits and training: the Bucks 2012 destination audit was completed, 240 delegates received Welcome All training and funding was leveraged to deliver county wide audits for Kent in 2010/11.

A total of £100,000 for major events was secured from the Accentuate Programme over three years and this enabled the inaugural Disabled British Golf Open to take place generating considerable media attention. The event will be repeated in 2010.

Other notable initiatives included best practice case studies, an online business advice toolkit, research and bespoke seminars supported by Paralympians Ade Adepitan MBE and Peter Norfolk OBE. Tourism South East also developed and launched innovative web functionality allowing consumers to search for accessible accommodation and attractions. Subsequently rolled out to key 2012 destinations, this functionality is being adopted by other regional tourism bodies.



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MARKETING INVESTMENT WORKING HARDER



SPREADING THE WORD FAR AND WIDE

2009/10 saw the effectiveness of domestic marketing show a significant year on year improvement. Return on investment was boosted from an already excellent 22:1 to an all-time high of 50:1 for Family Fun. Family Fun and Time For Us achieved £14 million in incremental spend, far exceeding the target of £8 million. Partner revenue targets for campaigns and supplements were also exceeded with solid support from South East partners, Visit London and VisitEngland. The year also saw the launch of new marketing initiatives including the Beautiful South branding, Year of the Museum, Magic Moments and the Open Countryside projects.

BE PREPARED TO BE SURPRISED - LOOK INTO THE REGION'S MUSEUMS

Having secured £400k of match-funded MLA (Museums, Libraries and Archives Council) Renaissance grant, the 2010 Year of the Museum began with PR, support at the Best of Britain & Ireland show (BoBI), information to Coach and Travel Operators and inclusion in national newspaper supplements (The Sunday Telegraph and The Guardian). Partnership with on-line cultural information site Culture24 and synergy with the Cultural Olympiad and Museums at Night programmes were developed. Evaluation of visitor numbers was put in place to monitor campaign impact on the £224 million museum sector.

OPENING UP THE COUNTRYSIDE

In August 2009, a bid by Tourism South East to the Rural Development Programme for England (RDPE) resulted in funding of £147k for the Open Countryside project to boost rural businesses through a fortnight of events in 2010 and 2011 encouraging the public to rediscover the countryside. The partnership behind the bid includes Ordnance Survey, local authorities, The National Trust and The Forestry Commission. Core features for the project, which is aimed at increasing economic benefit to rural businesses, included a dedicated website (www.countryside2010.org.uk), a full social media campaign and an extensive PR programme.

"This valuable partnership project places museums and their audiences at the heart of the region's cultural tourism offer. It's a multi-media cultural celebration of the British as citizens of the world. Reaching out to visitors of all ages and backgrounds, it engages them with the diversity of museum product in the South East. The Beautiful South is a region with its own cultural identity embracing global influences; and whose museums have world-class artifacts telling hugely diverse stories."

Museums, Libraries and Archives Council

MAGIC MOMENTS

Festivals and events are worth £503 million to the regional economy. In January 2010 a successful Interreg EU funding bid led to a joint project with CRTN (Regional Tourism Agency for Normandy) to support extensive cross border promotion of the festivals and events in both regions.

Reciprocal marketing arrangements have ranged from the inclusion of South East festivals in the 'Normandy Guide to Sites & Monuments' to the attendance of CRTN staff at Group Travel Fairs. Project elements included a Sunday Telegraph supplement feature, a campaign in London on the New Forest Festival of Fun and promoting to trade and consumers at the Best of Britain and Ireland show in March 2010.

GROWING THE DOMESTIC MARKET

Media supplements continued to be a significantly effective method of reaching targeted national audiences. Four national supplements were placed including a London supplement published in The Evening Standard. A partnership with Medway, Portsmouth, Hampshire County Council and the Year of the Museum project led to inclusion in EnjoyEngland's Guardian supplements.

Results for The Sunday Telegraph, The Independent and The Mail on Sunday all showed the significant impact of the supplements on reader intentions.

	The Sunday Telegraph	The Independent	The Mail on Sunday
Recall of supplement	72%	80%	54%
Likely to take a short break/day trip as result of seeing the supplement	43%	47%	52%
Supplement kept for future reference	46%	30%	35%

Source: Reader panels for The Sunday Telegraph, The Independent and The Mail on Sunday

"Group Travel Fairs are invaluable for attracting new business, meeting existing clients and developing new business opportunities and are a significant part of our marketing strategy."

Kim Hallett, The National Trust, Waddesdon Manor

THE POWER OF THE WEB

With visitors increasingly using the internet for information and inspiration, data must be accurate and timely. Significant strides were made in drawing together the region's Data Stewards and providing leadership in this complex area.

The consumer-facing website www.visitsoutheastengland.com benefitted from significant refining; careful and continuous Search Engine Optimisation (SEO) resulting in a 30% increase in traffic to this window on the Beautiful South.

For e-marketing, supplements were supported by activity including the successful Time Out campaign which generated in excess of 13,500 page views in the first day. Across all campaigns, the domestic email database exceeded its target by 115% and now stands at 86,000 with an average open rate of 31%.

TRAVEL AND TRADE EXHIBITIONS

Tourism South East has continued to lead from the front in Group Travel and Trade exhibitions and is a main partner in Excursions™, the industry's premier one day group travel show. Group Travel's steering group rated this year's exhibition extremely worthwhile with a record number of exhibitors, 94% of whom would consider rebooking for 2011. Research shows that 99% of visitors will consider attending again in 2011, and 53% of visitors to the show do not visit any other show during the year.

Additional support for the Group Travel business was provided by three successful fairs in Kent, Hampshire and Oxfordshire, all sponsored by Group Travel Organiser magazine. As part of the drive to improve communication and information flow, e-newsletters were introduced for group organisers and coach and tour operators and these have seen a positive response in their first year.

Co-ordinating the regional presence at the Best of Britain & Ireland (BoBI) show allowed the new Beautiful South branding to bring cohesiveness to the stand. Forming the centrepiece of British Tourism Week, BoBI is the only national exhibition serving the domestic tourism market and is a partnership between VisitBritain and the national tourist boards. The marketing team ensured that the region was well promoted and well presented; 33 individual businesses took part, an increase of 33% over 2009.



RESEARCH AND MARKET INTELLIGENCE

GETTING THE PICTURE... UNDERSTANDING THE PICTURE

Keeping track of trends in tourism continued to be a priority and this data was regularly distributed to partners and members. Tourism South East's externally commissioned research role remained in demand despite the difficult economic climate and 30 research contracts were completed including visitor surveys and economic impact studies.

TRENDS AND DATA

A recurring theme throughout the year was the economic downturn and its impact on the region's tourism sector. Through the distribution of data, businesses and local authority partners were able to keep in touch with trends such as the rise of the 'staycation' (monitored in conjunction with the National Tourism Intelligence Unit). The introduction of a monthly Market Intelligence Bulletin meant information and advice on the business climate was circulated effectively.

Valuable data enhancements included the expansion of the Business Confidence Monitor; a subscription to STR Global data to include additional businesses in the Regional Occupancy Survey (information is now collected from 620 accommodation businesses) and the recruitment of a monthly Industry Panel.

THE KEY TO SUCCESSFUL PLANNING AND DEVELOPMENT

Notable research projects over the year included:

- **Accommodation Future Studies**

This is a partnership programme with local authorities who have an interest in investigating supply and demand in current accommodation provision and encouraging inward investment. Significantly, this initiative has influenced £115m of hotel investment over the last three years.

The main focus was on the PUSH (Partnership for Urban South Hampshire) hotel study, whilst a further study, funded by Visit Kent and Kent County Council, was commissioned for Kent. This was complemented by work with Locate in Kent and Visit Kent which identified tourism trends and potential development sites for the updated Hotel Investment website.

- **The Significance of Sailing to South Hampshire and the Isle of Wight's Visitor Economy**

PUSH commissioned Tourism South East to research the economic value of the sailing event sector to the Solent and this was used to inform thinking into ways to capitalise on the Solent's appeal.

- **South East Protected Landscape Visitor Research Review**

This RDPE funded study by Tourism South East estimated the value of the South East's 10 Protected Landscapes and provided visitor profiles to aid the planning of a major funding bid to the RDPE for rural tourism business support.

- **The Tourist Information Centre Toolkit**

This national 20 centre pilot project was successfully developed and enabled by Tourism South East on behalf of VisitEngland to give Tourist Information Centres (TICs) throughout the country the tools to measure their value to the local visitor economy.

"Very happy with the service and reports we receive. We are regular users of the service and appreciate their professionalism and expertise."

Ed Woollard, Medway Council

30 commercial research contracts were secured in 2009/2010 generating just over £250,000 of commercial income. Projects included visitor surveys, tourism impact assessments and marketing campaign evaluations.



SKILLS AND TRAINING



DELIVERING THE TOOLS FOR DELIVERING THE JOB

In a challenging economic climate, the message from Tourism South East remained clear – delivering world class service makes financial sense and striving to achieve high standards means remaining competitive and reaping long term benefits. The UK is the world's sixth most popular destination but is only rated the 16th most welcoming, which leaves a gap that requires addressing, particularly as the South East works towards becoming the country's most welcoming region.

DELIVERING SKILLS LOCALLY

The central training team and the Area Skills Co-ordinators continued to deliver the regional skills agenda. The Skills Co-ordinators engaged with local businesses to identify and deliver appropriate and cost-effective business support and training solutions. Over 900 businesses gained from training programmes with over 2,800 individuals participating and 2,400 attending Welcome to Excellence customer care courses. Welcome Host courses were also delivered through various employability programmes to help the economically inactive become more job ready.

WELCOME HOST GOLD

This newly launched leading edge national customer care programme is the latest in the Welcome to Excellence family and represents a successful collaboration with national training partners. It is mapped to the Level 2 customer care qualification developed by People 1st and participants can gain City and Guilds accreditation. Approaching 2012 and other major events, Welcome Host Gold will provide new impetus to service sector businesses ambitious to provide the best possible customer care welcome. This represents a major step towards positioning the South East as the country's most welcoming region and will be a key offer within the Welcome to Excellence Programme which Tourism South East coordinates nationally.

LEADING ON TOURIST INFORMATION

Tourism South East continued to work in partnership with VisitEngland by taking a leading role in strategically driving the tourist information agenda at a national level. This included the development of a local economic pilot scheme and Tourism South East were invited to contribute to the 'Modernising Visitor Information in England' Think Tank.

Utilising knowledge of Tourist Information Centre (TIC) operators and training expertise, delivery of the on-line training modules for TIC staff continued through a VisitEngland contract. The existing national programme of introductory and intermediate levels was enhanced with the introduction of advanced modules. Training was free to EnjoyEngland Official Partners with Tourism South East handling the registration (600 staff to date), assessment and certification process.



BUNN LEISURE CASE STUDY

Bunn Leisure invested in training for over 140 staff to ensure that visitors receive the best possible welcome. Staff attended Tourism South East's Welcome to Excellence and Hosting the World customer care courses, with seven in-house trainers qualifying to deliver Welcome Host on a corporate basis.

ARUNDEL CASTLE CASE STUDY

In partnership with the Sussex Skills Co-ordinator, Arundel Castle organised a series of customised Welcome Host courses for over 120 volunteers. Bryan MacDonald, Head of Operations said "The training has provided the additional skills to deliver great customer service and ensure that every visitor has an experience they value."

SUPPORTING OUR MEMBERS AND PARTNERS

SUCCESS THROUGH INNOVATION
EXPERT ADVICE FOR THE YEAR AHEAD



WORKING IN PARTNERSHIP REMAINS A KEY PRINCIPLE

From delivering conferences and e-newsletters to member days with Area Tourism Partnerships, the year has seen increasing member liaison and information sharing. All our members and partners are eligible for this support and advice.

AREA TOURISM PARTNERSHIPS (ATP)

12 successful networking events were delivered. In Berkshire, Buckinghamshire and Oxfordshire (BBO), Tourism South East actively supported the emerging Oxford and Oxfordshire Destination Management Organisation. With the Isle of Wight, support was given to the Development Board and the Exhibition Group whilst in Hampshire there was active engagement in a number of partnership projects. Significant activity with Visit Kent resulted in the delivery of a refreshed partnership agreement, with new joint collateral launched in April 2010. There has been active support of the new Sussex ATP Chair through early transitional stages and substantial activity aimed at bringing Surrey County Council back into active partnership.

LOCAL AUTHORITIES

Significant support continues to be provided for local authorities. Areas of positive influence included representing the industry on behalf of stakeholders; supporting inward investment for regeneration; collective marketing and promotion of destinations; data management and stewardship; and the provision of visitor services. In addition, there has been close work with local authorities to deliver training and skills development plus business support at a local level.

INFORMING THE INFORMERS: SUPPORTING TOURIST INFORMATION CENTRES (TICs)

The Visitor Services team has continued to provide support and advice throughout the South East. Advisory visits have taken place at the majority of TICs including reviews of the provision of visitor information at Milton Keynes, Royal Tunbridge Wells and Guildford. Seven TICs are directly managed on behalf of Local Authorities, including Rye for which the contract was won during the year.

INDUSTRY MEMBERS

New and improved member benefits were introduced and supported by tactical recruitment and retention campaigns. In addition, new Association Membership Programmes boosted overall membership numbers.

The Success through Innovation Members' Conference (incorporating the AGM and Tourism Council) attracted a record number of attendees, all of which rated the interactive event as excellent or very good. James Berresford, Chief Executive of VisitEngland, described his vision for England's tourism body and the development of the National Tourism Framework Review. In addition, innovation success stories such as Hotel du Vin (co-founder Gerard Bassett) were showcased.

Membership presence was visible at the Best of Britain & Ireland (BoBI) show with a dedicated lounge forming part of the high profile Beautiful South presence.

The well received monthly e-newsletter continued to reach over 5,000 tourism businesses. New corporate branding and membership collateral kept communications focussed, relevant and recognisable.

Extensive corporate PR activity, including regional radio and TV, resulted in £268k Advertising Value Equivalent (AVE), 42 million Opportunities To See and 14.8 million circulation. The development of a new business to business website commenced and included the introduction of a new url - www.tourismsoutheast.com



"With your invaluable help we have developed our TIC into something of which we are very proud - no mean feat during a time of uncertain budgets and the closure of many TICs. We have received unwavering support, maintained networked TIC status, increased to three successful TICs and been awarded VisitEngland Official Partner status."

Jo Longstaff, Wycombe District Council

"Medway Hotel Futures allowed us to better position our regeneration sites to prioritise future hotel development and provide a data template to attract further interest. The planning advice was especially useful in raising awareness of the development opportunities amongst colleagues."

Simon Curtis, Medway Council



BUSINESS SUPPORT AND ADVICE



AWARDS AND QUALITY



ENSURING THE TOURISM INDUSTRY IS HEARD

Creating a policy and legislative climate in which the tourism industry can develop sustainably and compete successfully is an important role for Tourism South East. It requires high level engagement with local and national government and key public agencies to ensure that the tourism industry's voice is heard and taken seriously.

THINKING REGIONALLY, WORKING LOCALLY

Tourism South East's work with Local Planning Authorities was well received. Input was also provided on seven local authority planning development frameworks. Liaison with planning and development control teams continued for the existing B&B Study, and positive feedback came from those authorities who used the version of the guidance. A Local Area Agreement Toolkit aimed at encouraging local authorities to take more account of tourism was developed in collaboration with Destination Performance UK (DPUK) and will be disseminated nationally by DPUK.

CULTURAL LIAISON

Effective collaboration was maintained with cultural agencies and this facilitated several joint projects. In Kent, Tourism South East played a leading role in furthering cultural regeneration through the North Kent Cultural Partnership strategy and programme. Tourism South East chaired the Regional Festivals Culture project; two 'cluster' pilots in Brighton and East Kent were evaluated and recommendations made on governance, structure, organisation and delivery.

RAISING THE VOICE OF TOURISM

Tourism South East represented tourism at all levels on a range of national and regional issues affecting tourism. The Tourism Alliance issued a 'Tourism Manifesto', contributed to and endorsed by Tourism South East, whose Chief Executive is on the Board of the Tourism Alliance. The aim of the manifesto was to influence the approach of the main Parties to tourism. Tourism South East also took a close interest in the developing VisitEngland tourism framework for England and played an active part in the consultation process. Specific attention was paid to influencing the emerging political manifestos.

GUIDING BUSINESSES THROUGH THE RED TAPE MAZE

The burden of new regulations on businesses increases every year and impacts on productivity, profitability and competitiveness. Tourism South East's support for businesses in 2009/10 included consulting the industry, working to influence change and advising operators on compliance. Joint working with the Tourism Alliance resulted in the withdrawal of the repeal of the Furnished Holiday Letting rules and an agreement with the Performing Right Society (PRS) on retrospective and future fee structures.

RAISING STANDARDS REMAINS KEY TO OUR AGENDA

A record number of entries, 17 categories, one sell-out event – it could only be the 2009 Tourism ExSellece Awards. Dedicated to showcasing the best of the South East's tourism businesses, the Awards present a great opportunity to assess the quality of entrants and to recognise those who strive to exceed customer expectations.

THE AWARDS

Entries were up 27% year-on-year and the Awards continued to attract high quality entrants which is of particular value as consumer expectations continue to rise. A dedicated supporting website (www.getdiscovered2009.co.uk) featuring a promotional video, log-in functionality and on-line entry, made entry more accessible. Judging was by an expert panel including a past AA Chief Inspector and previous Head of Quality at the English Tourism Council.

The over subscribed Gala Dinner and Awards ceremony, hosted by personality Gyles Brandreth, was a record sell out - testimony to the success of the Awards and the networking significance of the event. Extensive media coverage (including regional television and radio) considerably enhanced the visibility of the category winners. In addition to the PR benefits, entrants were able to showcase the teamwork and investment that made them one of the region's top achievers for quality, innovation and service.

STEPPING ONTO THE NATIONAL AWARDS STAGE

In association with VisitBrighton, Tourism South East secured the hosting of the prestigious Enjoy England Awards for Excellence 2010 which were held at the Brighton Dome. Seven regional winners were shortlisted for a national award - the highest number ever and a total not exceeded by any other region. Congratulations to the subsequent winners of two Gold Awards and five Silver Awards secured at the St George's Day Awards.

MOVING QUALITY UP THE AGENDA

Regional involvement at a national level remained a key driver. Engagement with 23 councils and trade associations delivered 71 one to one quality advisory visits (under expert Peter Birnie, ex-AA Chief Inspector) and 12 quality workshops for assessed and non assessed businesses.

Close work with VisitEngland and the AA led to significant input into VisitEngland's large scale industry and consumer research programme on the importance of grading schemes.

As part of the drive to promote the National Quality Assessment Scheme (NQAS), a project to import ungraded accommodation stock into the Data Management System (DMS) was initiated. This will improve future reporting capability and create a targeted prospects database.

"Business Tourism is an important sector to our hotel and, in the current economic climate, we have stayed committed to raising quality and appreciate that our work has been recognised. The marketing and promotion opportunities are invaluable in helping raise awareness."

Daniel Wait, South Lodge Hotel, West Sussex
Gold Award, Business Tourism and Large Hotel of the Year

SUSTAINABLE BUSINESSES AND COMMUNITIES

HELPING BUSINESSES, COMMUNITIES AND DESTINATIONS ACHIEVE A LONG-TERM FUTURE

Sustainability in both an environmental and economic sense was the main theme across a number of projects. Against a backdrop of recession, there remains a need to assist businesses to embrace green principles which reduce utility bills, improve resource efficiency and appeal to increasingly environmentally conscious consumers. Economic sustainability was the objective of our work on rural and coastal regeneration where Tourism South East used its expertise to pull together partnership approaches and secure sources of new funding.

CULTIVATING THE GREEN SHOOTS OF SUSTAINABILITY

- **The Green Tourism Business Scheme (GTBS)**
Support for the Green Tourism Business Scheme continued. Following the publication of a VisitEngland survey showing relatively low satisfaction levels amongst accredited businesses, an 'agency' agreement was sought with the company behind GTBS to allow a more South East focused approach.

- **Green Start and Green Edge launch**
In partnership with VisitEngland, Tourism South East was involved in the development and relaunch of the new entry level Green Start initiative. Content for the Green Advantage training programme (renamed Green Edge) was revamped to focus on the business benefits of going green.

Partnership with VisitEngland and other regions also resulted in the development of a toolkit aimed at increasing business confidence in communicating sustainability credentials, and capitalising on increasing consumer awareness of green issues.

DESTINATION RENAISSANCE

The future of seaside resorts, where so many tourism businesses are concentrated, is vital to the economic wellbeing of the region. Tourism South East's expert advice and investment benefitted initiatives from Margate to Hayling Island.

The co funded Making of Medway conference attracted over 200 delegates and coverage by BBC South East Today, boosting awareness of tourism's importance to local economies and regeneration strategies. Also in Medway, collaboration on plans for Rochester's Eastgate House will result in a £2m Heritage Lottery bid. In Hastings, Tourism South East led the follow-up to 2009's Wavelength Conference and provided significant input to the Hastings Cultural Strategy. Tourism South East also continued to work closely with SEEDA Sea Space on a range of projects in Hastings.

Tourism South East's expertise and resource were utilised by Havant Borough Council (Hayling Island Seafront Improvement Plan) and Canterbury City Council (regeneration of Herne Bay). Advice was provided to SEEDA on the Sea Change grant programme resulting in over £11.5 million across 9 schemes over two years - higher than any other region in the country. High profile projects included Jerwood Gallery (£2 million), Bexhill seafront (£1million) and Margate's Dreamland Amusement Park (£3.7million).

FLYING THE FLAG FOR RURAL SOUTH EAST ENGLAND

The year saw a third successive successful application for Rural Development Programme for England (RDPE) funding by the Tourism South East backed Hidden Britain South East project and a successful Tourism South East bid for the Open Countryside project. In addition, the role of primary adviser to the South East Protected Landscapes project saw the submission of the initial expression of interest on behalf of the partners and delivery of the research component of the full bid.

A Great Country Pubs bid was submitted to the RDPE aimed at addressing pub closures by creating a compelling accommodation and local food offer. If the bid is successful, the project will be rolled out across the South East and East of England.

Images: Walking Boots, 1066 Country, East Sussex / Box Hill, Surrey, The National Trust, John Miller
Image Right: The Goods Shed, Canterbury, Kent



"It was really helpful for the RSPB to have access to an extra event website which gave the visitor a 'one stop shop' to find things to do in the countryside. The more visitors we get the greater the chance of us increasing awareness of our work and making people realise that we and our reserves are here and offer a safe place for people to come and enjoy countryside activities."

Sam Stokes, RSPB Pulborough Brooks



THE SOUTHERN AND SOUTH EAST ENGLAND TOURIST BOARD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

DIRECTORS' REPORT

The Directors submit their statutory report and the Board's financial statements for the year ended 31 March 2010.

REVIEW OF THE BOARD'S ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Board is the promotion and development of tourism in the region of South East England.

RESULTS

The underlying trading position of The Southern and South East England Tourist Board is stable. The deficit for the year after taxation amounted to £98,010 (2009: £119,334 surplus). The deficit for the year includes a planned overspend of £45,454 against the Area Tourism Partnership (previously Sub-Regional) reserves brought forward from last year. The balance on the Area Tourism Partnership reserve is available to the committees to spend on local projects in the future.

Turnover for the year amounted to £5,341,247 (2009: £5,450,576), comprising income arising directly from the Board's activities of £2,849,938 (2009: £2,947,887), core funding from SEEDA of £2,100,000 (2009: £2,100,000) and membership subscription income of £391,309 (2009: £402,689). Income arising from the Board's activities has decreased by £109,329.

Cost of Sales has increased to £4,492,767 (2009: £4,389,617) mainly as a result of an increase in Area Tourism Partnership expenditure £332,764 (2009: £250,011). There has also been a planned increase in Partnership, Membership and Communication expenditure £379,096 (2009: £297,494).

Gross Profit has decreased to £848,480 (2009: £1,060,959) mainly as a result of the movement in the Area Tourism Partnership reserve £45,454 decrease (2009: £95,683 increase).

Administrative expenses have decreased to £731,008 (2009: £950,792) mainly as a result of a Pension provision release of £109,000. This Pension provision has been added to the Pension funding reserve.

Interest receivable has decreased to £26,649 (2009: £113,870) mainly as a result of reductions in base rate during 2009/10.

PRINCIPAL RISKS AND UNCERTAINTIES

Reduced government funding for both Regional Development Agencies (RDAs) and Local Authorities is a continuing risk which might result in reductions in the activities and services provided by the Board. The Board manages this risk by continually reviewing its priorities and activities, operational efficiencies and by ensuring that its commercial activities are as effective as possible.

FUTURE DEVELOPMENTS AND OTHER ACTIVITIES

The Board is performing well with constrained funding. The stability and effectiveness of the Board's operations are underpinned by SEEDA funding, which is set at a minimum of £2,100,000 per annum for the year 2008/2009, £2,100,000 for 2009/2010 and £1,100,000 for 2010/2011. The 2010/2011 original allocation was £2,200,000 which was subsequently reduced to £1,100,000. As a result the Directors have revised their strategic plans and budgets for the forthcoming year to incorporate the utilisation of part of its accumulated surpluses to meet any shortfall in funding. The government's policy to close RDAs and replace them with Local Enterprise Partnerships is very clear. The restructuring of the RDAs has resulted in significant reduction in Tourism South East funding and we will work with SEEDA, to manage the impact of the changes. The Board recognises the need to remain flexible as situations evolve.

FRS 17 "RETIREMENT BENEFITS"

Under the provisions of Financial Reporting Standard 17 the Board's share of the assets, liabilities and performance of its defined benefit pension schemes is included in its results. These schemes are now closed to new entrants. The standard requires that service costs met by the pension fund are recognised in the profit and loss account, while actuarial gains and losses are recognised in the statement of total recognised gains and losses. Neither the schemes nor their actuarial valuations are under the Board's direct control. Scheme liabilities are unlikely to crystallise in the short term, but nevertheless the Board is paying contributions at increased rates to help to meet the deficit and has earmarked a pension funding reserve as an additional precaution. Since the introduction of the FRS 17 deficit into the balance sheet (2005) the deficit has increased by £2,122,000. In the last year the deficit has increased by £1,536,000.

DIRECTORS' REPORT (CONTINUED)

This is mainly due to increases in the liabilities due to changes in the assumptions as outlined in note 14. However, this has been offset to some extent by good investment returns over the year. The report includes the full tri-annual actuarial assessments of both the Hampshire and Kent local authority funds which were carried out by qualified independent actuaries at 31 March 2007. The expected increase in the deficit is principally the updated changes in assumptions underlying the present value of pension liabilities (note 14).

RESERVES

The Board has the following reserves as at 31 March 2010:

- The Pension funding reserve of £326,000 (2009: £217,000), which has been created by decision of the Board in response to the defined benefit pension scheme deficits identified in note 14. No formal restrictions have been placed on the use of this reserve.
- The Special projects reserve of £10,000 (2009: £50,000), which has been created by decision of the Board for use at the Board's discretion.
- The Area Tourism Partnership reserve of £182,614 (2009: £228,068), which has been created by decision of the Board and represents unallocated Area Tourism Partnership funds held for future expenditure.
- The Accumulated deficit of £2,873,442 (2009: £1,383,886 deficit), comprising:

the Accumulated surplus (excluding Pension Liability FRS 17) of £1,606,558 (2009: £1,560,114)

the Pension Liability FRS 17 of £4,480,000 (2009: £2,944,000)

Further information about the Board's reserves is provided at note 10.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 6 to the financial statements.

DIRECTORS

Full details of the Directors of the Board are set out on the next page.

The Board maintains liability insurance for its Directors and officers.

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.

The Directors have taken all necessary steps to make themselves aware of any information required by the Board's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any such information of which the auditors are not aware.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

AUDITORS

A resolution to re-appoint BDO LLP as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

 M J Lane
Company Secretary

40 Chamberlayne Road, Eastleigh, Hampshire

Registered number: 01345038
Date: 14 July 2010

DIRECTORS

CHAIRMAN

John Williams

CHIEF EXECUTIVE

Michael Bedingfield

CORPORATE SERVICES DIRECTOR & COMPANY SECRETARY

Malcolm Lane ACIS

DEVELOPMENT SERVICES DIRECTOR

Peter Colling

COMMERCIAL SERVICES DIRECTOR

Nigel Smith

PARTNERSHIP DIRECTOR

(FORMERLY NON-EXECUTIVE DIRECTOR)

Simon Matthews

SEEDA

SEEDA

CO-OPTED

David Philip FCA

CO-OPTED

Bill Ferris

CO-OPTED

Ken Robinson CBE

CO-OPTED

Greg Dawson (appointed 05.10.09)

DESTINATION MANAGERS' FORUM

(FORMERLY TOURISM OFFICERS' FORUM)

Eloise Appleby

TOURISM COUNCIL, VICE

CHAIRMAN

Cllr. Thérèse Evans

TOURISM COUNCIL

Vivian Williams

TOURISM COUNCIL

Alan Blenkinsopp (appointed 17.09.09)

TOURISM COUNCIL

Sandra Barnes-Keywood (appointed 17.09.09)

BERKS BUCKS OXON AREA

TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

Lyn Bibbings

SUSSEX AREA TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

Nicholas Head (resigned 05.11.09)

SUSSEX AREA TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

Sally Ann Lycett (appointed 05.11.09)

HAMPSHIRE AREA TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

Stephen Munn

ISLE OF WIGHT AREA TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

John Metcalfe (appointed 16.11.09)

KENT AREA TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

Fran Warrington

SURREY AREA TOURISM PARTNERSHIP

(FORMERLY SUB-REGION)

Kevin Lorimer (appointed 25.09.09)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE SOUTHERN AND SOUTH EAST ENGLAND TOURIST BOARD

We have audited the financial statements of The Southern and South East England Tourist Board for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Bricknell (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

Date: 18 August 2010

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 2010

	NOTE	2010 £	2009 £
Turnover	2	5,341,247	5,450,576
Cost of sales		<u>(4,492,767)</u>	<u>(4,389,617)</u>
Gross profit		848,480	1,060,959
Administrative expenses		<u>(731,008)</u>	<u>(950,792)</u>
Operating surplus	3	117,472	110,167
Interest receivable		26,649	113,870
Other finance charges		<u>(238,000)</u>	<u>(79,000)</u>
(Deficit) / surplus on ordinary activities before taxation		(93,879)	145,037
Tax charge on ordinary activities	5	<u>(4,131)</u>	<u>(25,703)</u>
(Deficit) / surplus for the year		<u>(98,010)</u>	<u>119,334</u>

All operations are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2010

	2010 £	2009 £
(Deficit) / surplus for the year	(98,010)	119,334
Pension scheme net actuarial loss	<u>(1,368,000)</u>	<u>(1,837,000)</u>
Total recognised losses relating to the year	<u>(1,466,010)</u>	<u>(1,717,666)</u>

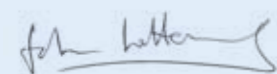
BALANCE SHEET

AS AT 31 MARCH 2010

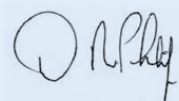
REGISTERED NUMBER: 01345038

	NOTE	2010 £	2009 £
Fixed assets			
Tangible assets	6	561,524	561,382
Current assets			
Stock		96,852	84,564
Debtors	7	748,176	392,474
Short term deposits		2,405,851	2,050,000
Cash at bank and in hand		184,195	951,963
		3,435,074	3,479,001
Creditors: amounts falling due within one year	8	(1,871,426)	(1,985,201)
Net current assets		1,563,648	1,493,800
Net assets before pension liability		2,125,172	2,055,182
Pension liability	14	(4,480,000)	(2,944,000)
Net liabilities including pension liability		(2,354,828)	(888,818)
Capital and reserves	10		
Pension funding reserve		326,000	217,000
Special projects reserve		10,000	50,000
Area Tourism Partnership reserve		182,614	228,068
Accumulated (deficit)		(2,873,442)	(1,383,886)
Total deficit		(2,354,828)	(888,818)

The financial statements were approved by the Board of Directors and authorised for issue on 14 July 2010.



J C W Williams
Director



D R Philip
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010 £	2009 £
Net cash (outflow) / inflow from operating activities	11(a)	(349,196)	249,513
Returns on investments and servicing of finance:			
Interest received / net cash inflow from returns on investments and servicing of finance		26,649	113,870
Taxation:			
Corporation tax paid		(24,746)	(25,703)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(80,725)	(38,194)
Receipts from sales of tangible fixed assets		16,101	18,455
Net cash outflow from capital expenditure and financial investment		(64,624)	(19,739)
Management of liquid resources:			
(Increase) / decrease in short term deposits		(355,851)	450,000
(Decrease) / increase in cash	11(b)	(767,768)	767,941

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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

TANGIBLE FIXED ASSETS

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 life as follows:

Freehold buildings	50 years
Plant and office 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 values 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 Board's freehold property are given in note 6.

STOCK

Stocks of saleable publications and other items 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.

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.

LEASING COMMITMENTS

Rentals payable under operating leases are charged to income as incurred.

PENSION COSTS

The Board operates two defined benefit schemes and two defined contribution schemes. The assets of the schemes are held and managed separately from those of the Board.

For the defined benefit schemes, the Board has adopted in these financial statements the full provisions of FRS 17 '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 account 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 projected 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 the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each 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.

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 profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

LIQUID RESOURCES

For the purposes of the cash flow statement, liquid resources are defined as short term deposits.

2. TURNOVER

Turnover represents the total amount recognised by the Board in respect of services supplied, goods sold, members' subscriptions and contributions from the South East England Development Agency (SEEDA) and other public bodies.

Income from government grants totalled £2,648,328 for the year (2009: £2,568,499) from SEEDA, DCMS, VisitBritain and other government sources. Although under the terms of the funding agreement with SEEDA, repayment in part of the grant may be required in certain circumstances, the Directors consider that, to the best of their knowledge and belief, the likelihood of any such requirement is remote.

3. OPERATING SURPLUS

	2010 £	2009 £
Operating surplus is stated after charging:		
Directors' remuneration	344,531	296,992
Auditors' remuneration:		
Fees payable for the audit of the annual accounts	16,000	15,500
Assurance services	-	3,600
Tax advisory services	3,750	2,790
Other services	6,500	6,500
Depreciation	70,166	68,947
Surplus on disposal of plant, equipment and motor vehicles	(5,684)	(5,637)
Operating lease rentals - land and buildings	7,500	7,500

4. STAFF COSTS

	2010 £	2009 £
(a) Wages and salaries	1,992,077	2,012,434
Social security costs	171,763	174,377
Other pension costs	187,000	203,000
	<u>2,350,840</u>	<u>2,389,811</u>

4. STAFF COSTS (CONTINUED)

In addition to other pension costs is £1,368,000 (2009: £1,837,000 cost) relating to actuarial losses which have been debited to the statement of total recognised gains and losses.

The average number of persons employed under contracts of service during the year including executive Directors was as follows:

	2010 No	2009 No
Direct	90	90
Administration	11	12
	<u>101</u>	<u>102</u>

	2010 £	2009 £
(b) Directors' remuneration		
Salaries	321,499	283,331
Company pension contributions to money purchase scheme	23,032	13,661
Aggregate emoluments	<u>344,531</u>	<u>296,992</u>

Retirement benefits are accruing to two Directors under a defined benefit scheme and to two Directors under money purchase schemes.

	2010 £	2009 £
Highest paid Director:		
Aggregate emoluments (2010 part-year)	91,790	112,802
Company pension contributions to money purchase scheme	8,400	13,661
	<u>100,190</u>	<u>126,463</u>

5. TAX ON (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES

Corporation tax is chargeable in full on the interest receivable and also on any operating (deficit) / surplus to the extent that it arises from the commercial membership.

	2010 £	2009 £
Corporation tax at 21% (2009: 21%) on the result for the year	6,385	27,000
Taxation overprovided in prior years	(2,254)	(1,297)
	<u>4,131</u>	<u>25,703</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

5. TAX ON (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES (CONTINUED)

	2010 £	2009 £
Factors affecting the tax charge for the year:		
(Deficit) / surplus on ordinary activities before tax	<u>(93,879)</u>	<u>145,037</u>
(Deficit) / surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009: 21%)	<u>(19,715)</u>	<u>30,458</u>
Effects of:		
Expenses not deductible for tax purposes	3,237	2,646
Difference between depreciation and capital allowances	(2,116)	(1,956)
Other timing differences	35,280	6,049
Non-taxable element of operating (surplus) / deficit	(10,301)	(10,197)
Adjustment to tax charge in respect of previous periods	<u>(2,254)</u>	<u>(1,297)</u>
Current tax charge for the year	<u>4,131</u>	<u>25,703</u>

6. TANGIBLE FIXED ASSETS

	FREEHOLD LAND AND BUILDINGS £	PLANT AND EQUIPMENT £	MOTOR VEHICLES £	TOTAL £
Cost or Valuation				
At 1 April 2009	545,000	201,318	321,465	1,067,783
Additions	-	12,716	68,009	80,725
Disposals	-	-	(36,072)	(36,072)
At 31 March 2010	545,000	214,034	353,402	1,112,436

Depreciation

	FREEHOLD LAND AND BUILDINGS £	PLANT AND EQUIPMENT £	MOTOR VEHICLES £	TOTAL £
At 1 April 2009	72,865	167,710	265,826	506,401
Provided for the year	6,624	21,177	42,365	70,166
Disposals	-	-	(25,655)	(25,655)

6. TANGIBLE FIXED ASSETS (CONTINUED)

	FREEHOLD LAND AND BUILDINGS £	PLANT AND EQUIPMENT £	MOTOR VEHICLES £	TOTAL £
At 31 March 2010	<u>79,489</u>	<u>188,887</u>	<u>282,536</u>	<u>550,912</u>
Net book value At 31 March 2010	<u>465,511</u>	<u>25,147</u>	<u>70,866</u>	<u>561,524</u>
At 31 March 2009	<u>472,135</u>	<u>33,608</u>	<u>55,639</u>	<u>561,382</u>

The Board's freehold land and buildings were valued in 1998 and reduced to £545,000. If they had not been revalued they would have been included under the historical cost convention at the following amounts:

	2010 £	2009 £
Cost	<u>633,119</u>	<u>633,119</u>
Aggregate depreciation	<u>167,608</u>	<u>160,984</u>

Included within freehold land and buildings is £280,000 (2009: £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 Board's property were sold at its 1998 valuation no corporation tax liability would arise (2009: £nil).

7. DEBTORS

	2010 £	2009 £
Trade debtors	488,496	282,719
Other debtors	32,954	32,367
Taxation	117,258	35,864
Prepayments and accrued income	<u>109,468</u>	<u>41,524</u>
	<u>748,176</u>	<u>392,474</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

8. CREDITORS

	2010 £	2009 £
Trade creditors	1,086,655	742,843
Taxation and social security	50,080	55,031
Corporation tax	6,385	27,000
Other creditors	70,888	160,630
Accruals and deferred income	<u>657,418</u>	<u>999,697</u>
	<u>1,871,426</u>	<u>1,985,201</u>

10. CAPITAL AND RESERVES

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

	PENSION FUNDING RESERVE £	SPECIAL PROJECTS RESERVE £	AREA TOURISM PARTNERSHIP RESERVE £	ACCUMULATED DEFICIT £	TOTAL £
RESERVES					
As at 1 April 2008	217,000	50,000	132,385	429,463	828,848
Surplus for the year	-	-	-	119,334	119,334
Transfers between reserves	-	-	95,683	(95,683)	-
Actuarial gain recognised in the pension scheme	-	-	-	(1,837,000)	(1,837,000)
As at 1 April 2009	217,000	50,000	228,068	(1,383,886)	(888,818)
Deficit for the year	-	-	-	(98,010)	(98,010)
Transfers between reserves	109,000	(40,000)	(45,454)	(23,546)	-
Actuarial loss recognised in the pension scheme	-	-	-	(1,368,000)	(1,368,000)
As at 31 March 2010	<u>326,000</u>	<u>10,000</u>	<u>182,614</u>	<u>(2,873,442)</u>	<u>(2,354,828)</u>

The effect on the Accumulated deficit of the pension scheme liability is as follows:

	2010 £	2009 £
Accumulated surplus excluding pension liability	1,606,558	1,560,114
Pension liability	<u>(4,480,000)</u>	<u>(2,944,000)</u>
Accumulated deficit	<u>(2,873,442)</u>	<u>(1,383,886)</u>

9. TAXATION

(a) There is no deferred tax liability arising from timing differences between the recognition of gains and losses in the Board's financial statements and their recognition for tax purposes. The deferred tax asset arising from such differences on adoption of FRS 19, Deferred Tax is immaterial and no provision is made therefore.

(b) There is no liability to taxation on the capital gain which would arise if the Board's freehold land and buildings were to be sold at the valuation included in the balance sheet referred to in note 6.

11. CASH FLOW

	2010 £	2009 £
(a) Reconciliation of operating surplus to net cash inflow from operating activities:		
Operating surplus	117,472	110,167
Depreciation charges	70,166	68,947
Surplus on disposal of plant, equipment and motor vehicles	(5,684)	(5,637)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

11. CASH FLOW (CONTINUED)

	2010 £	2009 £
Decrease / (increase) in stocks	(12,288)	24,630
Decrease / (increase) in debtors	(355,702)	186,770
(Decrease) / increase in creditors	(93,160)	(74,364)
Defined benefit pension contributions less cost	(70,000)	(61,000)
Net cash (outflow)/inflow from operating activities	<u>(349,196)</u>	<u>249,513</u>

	2010 £	2009 £
(b) Reconciliation of net cash (outflow) / inflow to movement in net funds:		
(Decrease) / increase in cash	(767,768)	767,941
Increase / (decrease) in short term deposits	355,851	(450,000)
	(411,917)	317,941
Net funds at 1 April 2009	3,001,963	2,684,022
Net funds at 31 March 2010	<u>2,590,046</u>	<u>3,001,963</u>

	AT 1 APRIL 2009 £	CASH FLOW £	AT 31 MARCH 2010 £
(c) Analysis of net funds:			
Cash at bank and in hand	951,963	(767,768)	184,195
Short term deposits	2,050,000	355,851	2,405,851
Net funds	<u>3,001,963</u>	<u>(411,917)</u>	<u>2,590,046</u>

12. CAPITAL AND LEASE COMMITMENTS

(a) There were no commitments for capital expenditure at 31 March 2010 (2009: £Nil).

(b) The company has annual commitments under non-cancellable operating leases as set out below:

	2010 £	2009 £
Operating leases which expire:	Land and Buildings	Land and Buildings
In two to five years	-	7,667

13. TRANSACTIONS WITH RELATED PARTIES AND DIRECTORS

In the normal course of its activities the Board enters into commercial transactions with various of its non-executive Directors and entities in which non-executive Directors are interested. These transactions are carried out at arms length and at normal commercial rates and with the exception of those with the South East England Development Agency are considered by the Board to be immaterial for the purposes of disclosure requirements of the Companies Act and the relevant Financial Reporting Standard. The Directors consider that no one party has control over the company.

Transactions during the year with the South East England Development Agency were as follows:

	2010 £	2009 £
Income receivable by the Board	<u>2,356,829</u>	<u>2,606,065</u>
Balances at 31 March 2010 were:		
Due to the Board	<u>(150)</u>	<u>20,449</u>

14. PENSION COMMITMENTS

The Board participates in the defined benefit schemes administered by Hampshire County Council and Kent County Council and also operates two defined contribution schemes. Tourism South East is not a trustee of either scheme and has no control over investment decisions and assumptions made by their administrators. The respective costs of these schemes are as follows:

	2010 £000	2009 £000
Defined benefit schemes (charged to operating deficit)	94	94
Defined benefit schemes (charged to other finance charges)	238	79
Defined contribution schemes (charged to operating deficit)	23	14
Defined benefit schemes charged / (credited) to statement of total recognised gains and losses	<u>1,368</u>	<u>1,837</u>
	<u>1,723</u>	<u>2,024</u>

At 31 March 2010 contributions of £11,953 (2009: £121,104) by the Board were outstanding in respect of one of the defined benefit schemes and are included within creditors.

The last full actuarial assessments of both local authority funds were carried out by qualified independent actuaries at 31 March 2007 when the market value of the Board's share of assets within the Hampshire County Council Scheme was £4,301,000, equivalent to a funding level of 74%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

14. PENSION COMMITMENTS (CONTINUED)

To spread this deficit over employees' expected remaining service lives the Board, on actuarial advice, is paying contribution rates of 18.1% and 18.6% for the years ended 31 March 2009 and 2010 respectively and is paying a rate of 19.1% for the year ending 31 March 2011. From 1 April 2008 the employees are paying between 5.5% and 7.5%. At 31 March 2007 the market value of the Board's share of assets within the Kent County Council scheme was £2,338,000, equivalent to a funding level of 85%. To spread this deficit over employees' expected remaining service lives the Board, on actuarial advice, is paying contribution rates of 21.5% plus £46k and 21.5% plus £48k for the years ended 31 March 2009 and 2010 respectively and is

paying a rate of 21.5% plus £50k for the year ending 31 March 2011. From 1 April 2008 the employees are paying between 5.5% and 7.5%. The next full actuarial assessments of both local authority funds are being carried out by qualified independent actuaries at 31 March 2010. The results will be available by March 2011.

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 2010. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

ASSUMPTIONS

The main assumptions used by the actuaries at each year end are as follows:

	HAMPSHIRE COUNTY COUNCIL FUND				KENT COUNTY COUNCIL FUND			
	2010 % PA	2009 % PA	2008 % PA	2007 % PA	2010 % PA	2009 % PA	2008 % PA	2007 % PA
Discount rate	5.5	6.6	6.8	5.3	5.5	6.9	6.9	5.4
Rate of increase in salaries	5.4	5.1	5.2	4.7	5.4	4.6	5.1	4.7
Rate of increase in pensions in payment and deferred pensions	3.9	3.6	3.7	3.2	3.9	3.1	3.6	3.2
Rate of inflation	3.9	3.6	3.7	3.2	3.9	3.1	3.6	3.2
Long term expected rates of return on:								
Equities	8.0	7.0	7.6	7.7	7.5	7.0	7.7	7.8
Bonds	4.5	4.0	4.6	4.8	5.5	5.4	5.7	4.9
Property	8.5	6.0	6.6	6.7	5.5	4.9	5.7	5.8
Other assets	8.0	1.6	6.0	5.6	3.0	4.0	4.8	4.9
Average long term expected rate of return	6.7	5.7	6.7	6.9	6.9	6.3	7.0	7.0

The deterioration in the balance sheet position is mainly due to increases in the estimated funded liabilities. These liabilities reflect the changes in assumptions from 2009 to 2010 in the discount factor and other assumptions that determine the current value of these future liabilities.

However, this has been offset to some extent by good investment returns over the year, which has increased the current value of the investments held to meet these liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

ASSETS

Assets are valued at fair value, principally market value for investments, and are analysed as follows:

	HAMPSHIRE COUNTY COUNCIL FUND				KENT COUNTY COUNCIL FUND			
	2010 £000	2009 £000	2008 £000	2007 £000	2010 £000	2009 £000	2008 £000	2007 £000
Equities	2,950	2,006	2,846	2,892	1,704	1,138	1,506	1,837
Bonds	1,289	1,137	1,221	1,005	345	293	304	325
Property	294	265	265	195	161	155	234	268
Other	279	226	263	221	92	138	124	189
	<u>4,812</u>	<u>3,634</u>	<u>4,595</u>	<u>4,313</u>	<u>2,302</u>	<u>1,724</u>	<u>2,168</u>	<u>2,619</u>

NET PENSION LIABILITY:	HAMPSHIRE COUNTY COUNCIL FUND				KENT COUNTY COUNCIL FUND			
	2010 £000	2009 £000	2008 £000	2007 £000	2010 £000	2009 £000	2008 £000	2007 £000
Share of assets	4,812	3,634	4,595	4,313	2,302	1,724	2,168	2,619
Estimated funded liabilities	(7,817)	(5,775)	(5,216)	(5,813)	(3,777)	(2,527)	(2,636)	(3,222)
	<u>(3,005)</u>	<u>(2,141)</u>	<u>(621)</u>	<u>(1,500)</u>	<u>(1,475)</u>	<u>(803)</u>	<u>(468)</u>	<u>(603)</u>

THE MOVEMENT IN NET DEFICIT FOR THE YEAR TO 31 MARCH 2010 IS AS FOLLOWS:	HAMPSHIRE COUNTY COUNCIL FUND		KENT COUNTY COUNCIL FUND	
	2010 £000	2009 £000	2010 £000	2009 £000
Net deficit at beginning of year	(2,141)	(621)	(803)	(468)
Contributions	95	89	69	66
Current service cost	(72)	(71)	(14)	(16)
Past service costs	(8)	-	-	(7)
Other finance charges	(174)	(50)	(64)	(29)
Loss on any settlements or curtailments	-	-	-	-
Actuarial loss	(705)	(1,488)	(663)	(349)
Net deficit at end of year	<u>(3,005)</u>	<u>(2,141)</u>	<u>(1,475)</u>	<u>(803)</u>

Both County Council funds are closed to new members from Tourism South East 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 Board cease to participate in the admission agreements a greater liability than that calculated for FRS 17 purposes might result.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

14. PENSION COMMITMENTS (CONTINUED)

AMOUNT CHARGED TO THE OPERATING DEFICIT:	HAMPSHIRE COUNTY COUNCIL FUND		KENT COUNTY COUNCIL FUND	
	2010 £000	2009 £000	2010 £000	2009 £000
Current service cost	(72)	(71)	(14)	(16)
Past service cost	(8)	-	-	(7)
Total operating charge	<u>(80)</u>	<u>(71)</u>	<u>(14)</u>	<u>(23)</u>

AMOUNT CHARGED TO OTHER FINANCIAL INCOME:	HAMPSHIRE COUNTY COUNCIL FUND		KENT COUNTY COUNCIL FUND	
	2010 £000	2009 £000	2010 £000	2009 £000
Expected return on pension fund assets	206	303	108	151
Interest on pension scheme liabilities	(380)	(353)	(172)	(180)
Net charge	<u>(174)</u>	<u>(50)</u>	<u>(64)</u>	<u>(29)</u>

AMOUNTS RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL):	HAMPSHIRE COUNTY COUNCIL FUND		KENT COUNTY COUNCIL FUND	
	2010 £000	2009 £000	2010 £000	2009 £000
Actual return less expected return on assets	993	(1,241)	486	(570)
Experience gains and (losses) on pension liabilities	81	(27)	-	1
Changes in assumptions underlying the present value of pension liabilities	(1,779)	(220)	(1,149)	220
Actuarial losses	<u>(705)</u>	<u>(1,488)</u>	<u>(663)</u>	<u>(349)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

14. PENSION COMMITMENTS (CONTINUED)

HISTORY OF EXPERIENCE GAINS AND LOSSES:	HAMPSHIRE COUNTY COUNCIL FUND					KENT COUNTY COUNCIL FUND				
	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Difference between the Expected and Actual Return on Assets:										
Amount (£000)	993	(1,241)	44	(6)	541	486	(570)	(321)	(17)	403
Value of assets (£000)	4,812	3,634	4,595	4,313	4,113	2,302	1,724	2,168	2,619	2,529
Percentage of assets	20.6%	(34.2%)	0.9%	(0.1%)	13.4%	21.1%	(33.1%)	(14.8%)	(0.6%)	15.9%
Experience (losses) / gains on Liabilities:										
Amount (£000)	81	(27)	(35)	(10)	1	-	1	(27)	2	(1)
Total present value of liabilities (£000)	7,817	5,775	5,216	5,813	5,531	3,777	2,527	2,636	3,222	3,332
Percentage of the total present value of liabilities	1.0%	(0.5%)	(0.7%)	0.2%	0.0%	0.0%	0.0%	(1.0%)	0.1%	0.0%
Total amount recognised in statement of total recognised gains and losses:										
Amount (£000)	(705)	(1,488)	967	20	155	(663)	(349)	112	183	5
Total present value of liabilities (£000)	7,817	5,775	5,216	5,813	5,531	3,777	2,527	2,636	3,222	3,332
Percentage of the total present value of liabilities	(9.0%)	(25.8%)	18.5%	0.3%	2.8%	(17.6%)	(13.8%)	4.2%	5.7%	0.2%

15. POST BALANCE SHEET EVENT

Since the year end the company have been informed by SEEDA that its core funding for 2010/11 has been reduced by £1,100,000. The Directors

have taken this into account with their strategic planning and budgeting for the forthcoming year and anticipate utilising part of the company's accumulated surpluses to meet any shortfall in funding requirements.

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Images: Beachy Head, East Sussex, Britain on View, Rod Edwards / Blenheim Palace, Oxfordshire

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