

TOURISM SOUTH EAST
ANNUAL REVIEW 2021

INCORPORATING THE
ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2021

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Company Information

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TOURISM
SOUTH EAST

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Chair's Statement



This has been a rollercoaster year of changing rules and regulations, stopping and starting our operations and coping with the personal challenges that the global pandemic has placed on us all.

Many of our businesses have demonstrated their resilience, innovation, and creativity as they have responded and adapted to survive. We are going to need to sustain and encourage that energy and drive, so our businesses recover, to welcome visitors and our workforce back to our premises, and people back to our industry.

Like many of our members we have had to make difficult decisions, saying goodbye to, or placing on furlough, valued colleagues and asking a lot of the remaining staff. We could not have got through the pandemic without the ongoing support of our members, despite the difficulties most of you faced. The financial contribution is of course vital, but this year more than ever, it demonstrates the value that you have for the services that we provide.

The emergency grants that we received from VisitEngland also proved critical, ensuring that we could continue to deliver activities to support our businesses, promote the Southeast, provide up to date information and guidance but also feedback from our businesses into government.

Throughout, our team has advocated for our members and the wider Southeast tourism sector at national level, to ensure that people in decision making positions understand the issues our sector has and is still facing, so that financial support measures benefit the tourism industry.

Our team has worked hard to ensure TSE is in the best shape it can be to support you, our members, partners, and businesses, so that we are here, ready to support the recovery. As we look ahead and start to identify the issues that might hamper recovery or prevent future growth, it is obvious that 2021/22 will be another challenging year but that recovery will come.

From myself, the Board, and the team at TSE, thank you to you, our members and partners for your continued support.

Chair – Louise Stewart

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Chief Executive's Statement

In a year like no other we have found ourselves on a steep learning curve challenging the flexibility and capacity of us all as we changed and adapted practically overnight when Covid-19 hit. All our South East businesses and destinations can be rightly proud of the durability and resilience shown as the pandemic unfolded with survival being the watchword. In amongst all the turbulence we have seen achievements, innovations and advances that will undoubtedly take us all forward, drawing on the experiences of the past year.

Tourism South East, from the start of the pandemic, has become defined by the lobbying and support role in to which we naturally fell. This helped our members and destinations, as far as was possible, not just to survive but to equip them with full appraisals of the ever-changing situation. Ultimately, the provision of pertinent information, providing guidance and ensuring that access to the support measures were achievable by all enhanced our commitment to 'leave no business behind.'



Like the majority of our members, TSE was not untouched by Covid-19 and we too have experienced some extremely challenging times. As our income streams dramatically hit the metaphorical brick wall, we adapted many of our services to be facilitated online. Specifically, the Welcome to Excellence training team worked tirelessly to move to an online offering, our digital marketing platforms became more visible in signposting and advising visitors, and the TSE Research team conducted work on the audits, impacts and sentiments as a result of the pandemic.

There is no doubt that as a sector we are not yet out of the woods. There are plenty of challenges ahead of us as we continue to nurture the 'staycation' markets, stretch the traditional season, and move to re-establish our income streams. Rest assured, above all, TSE remains committed to the support and representation of all its members.

Chief Executive – Fran Downton

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Helping Tourism Businesses Survive

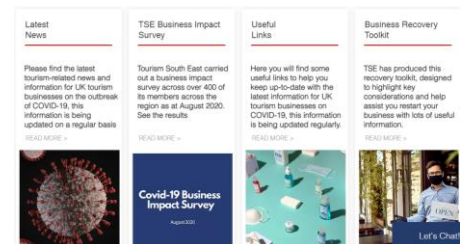
Commercial Membership & Destination Partnership

As a global pandemic unfolded before us TSE recognised the need to take a regional lead for the South East, coordinating, lobbying, representing, signposting, and supporting our partners and members. The overarching aim was to provide to our members, destinations, and the rest of the tourism sector the support to help them survive through these most turbulent of times. The TSE team worked tirelessly to disseminate and communicate guidance and regulations, to develop support tools, facilitate shared learning and provide financial signposting.

All of our commercial member activity was impacted in one way or another. After some consideration we took the decision to go ahead with The Beautiful South Awards 2020, which was conducted on a virtual platform. Many of the usual procedures had to flex and adjust, including the judging process, to accommodate a new working pattern. However, in such a difficult year, we were delighted to create a cause for celebration and were able to award accolades to over 60 of our regional businesses.

The 2020 AGM also took place virtually, efficiently bringing our members together from across the region. This concentrated on an appraisal of the services delivered during the previous year, a full review of the financial statements, and an analysis of the current pandemic situation for the organisation.

Overall, we have seen an unprecedented collective effort across the South East from the whole of the tourism industry, as destinations and businesses worked together in collaboration, supported initiatives, and developed ideas. The momentum we have all gained is now more important than ever while the partnerships, the sharing and collaborative working, will form the basis for a successful kick-start to a return to successful trading. As we emerge and all look to establish a 'new normal' for the industry and region, TSE will continue to work with all of its partners to play a leading role for the future.



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Supporting Group Visitors

The groups market has long been an important part of Tourism South East's core business. We rejoice in an extensive database that underpins all of our activity and ensures we are well positioned to deliver to the sector.

During the past year it has, therefore, been important to TSE to support the group and coach industry bodies, Coach Passenger Transport (CPT) and Coach Transport Association (CTA) in their lobbying and raising of awareness of this significant sector to the visitor economy.

Despite the situation we were pleased to be able to deliver The Group Travel Guide for 2021 as Publishing Events continued with their contact to us and, although a slight reduction in entries and editorial pages was to be expected, they worked hard to produce the quality 76 page guide.

The national Excursions™ exhibition was, of course, not achievable in a physical format in January 2021 as we entered the third lockdown. Consequently, we moved to an online platform which was hailed a resounding success. We were proud to introduce a five-day virtual familiarisation programme enabling us to link up with over 2000 group travel organiser's, and others within the travel trade, keeping them up to date with destinations and attractions despite the restrictions.



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Adapting our Expertise

Training Services

The onset of COVID 19 had a major impact on the department with a full schedule of national and regional courses cancelled and the team furloughed.

The training model has always focused on face-to-face delivery, and it was evident that to salvage and grow bookings the only way forward was on-line. With a small team, starting from scratch, we spent the summer months developing remote Welcome to Excellence solutions. In October we successfully launched the offer including:

- A remote 8 Module Customer Service Excellence programme with a full set of downloadable materials, leading to Welcome to Excellence certification
- Availability of in-house, open and train the trainer courses via Zoom
- A free 30-minute Exceeding Visitor Expectations Taster Webinar
- New branding and marketing materials
- Bespoke short Zoom sessions based on Welcome to Excellence topic headings
- A targeted and on-going social media and promotional campaign

In January 2021 we successfully applied for a small ERDF Kick Start Tourism Grant filtered through the Solent LEP. This enabled the creation of a further on-line programme which was showcased by the LEP and promoted extensively throughout English Tourism Week,



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Digital Services

All things considered, with less people traveling, lockdowns and travel bans, the website traffic held up well at 1.9 million visits in 2020 and over 3.4-million-page impressions. This was helped by the development of new pages such as Virtual Tours, Outdoor Spaces, and a stronger focus on outdoor activities.

The 44,000 strong consumer database has remained active throughout the pandemic with regular contact to our subscribers. This will ensure that, once life returns to normal, we can continue our programme of Solus and themed e-newsletters.

A slight decline has been seen in 2020 on average open rates and click to open, however, the figures are still above the industry average highlighting that it remains an effective promotional tool to increase business and raise brand awareness. Average open rates of 27% and clicks to open averaging 9.8% was seen in 2020.



Visitor Services

The Visitor Services team operated three tourist information centres under contract to local authorities at Petersfield, Gosport and Romsey while overseeing the closure and safe re-opening of each centre as lockdown restrictions were imposed or lifted. TSE placed paramount importance on safeguarding staff and customers throughout these periods, with regular online meetings, risk assessments and mitigating measures to facilitate a safe return to work.

During 2020, TSE was given notice of termination of the contract for the Petersfield Town Visitor centre, following a council decision to close the information centre in its current format. The visitor services team guided staff through the redundancy situation with final closure taking place on the 31st March.

During periods of lockdown, TIC staff provided a vital role promoting local businesses and services through social media activity. Discount purchasing activity was suppressed during 2020 as lockdown restrictions resulted in large parts of the retail sector being closed, however, the team ensured that any orders for books and maps were processed and delivered as promptly as possible.



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Research and Measuring Impact

Despite the pandemic affecting all forms of tourism, TSE Research remained buoyant, conducting visitor surveys, online business surveys and sentiment trackers to establish the impact of COVID-19. A large telephone survey of accommodation establishments was also undertaken by the department.

A total of 22 Cambridge Model reports were conducted across the South East and Yorkshire providing valuable analysis of the economic impact of tourism at district level. Work is continuing creating a Cambridge Model V2 to put added value onto the current version and to put us in the lead ahead of the other agencies offering the Cambridge Model.

We also conducted trend analysis reports, a new undertaking for us that we will now be offering to other local authorities. A number of accommodation audits were undertaken including one for a local authority and for Southern Water to assist in its assessment of water supply needs during peak periods.



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Report of the Directors for the year ended 31 March 2021

The directors present their report together with the financial statements for the year ended 31 March 2021.

Events since the year end: Information relating to events since the year end are given in the notes to the accounts.

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

Review of the company's activities: Key financial data for the year was as follows:

	2021	2020
	£	£
Membership subscription income included in turnover	123,418	191,376
Other activities	270,876	1,020,025
Turnover	394,294	1,211,401
Rent and service charge income	64,853	66,878
COVID related grants receivable	206,164	-
Interest from cash held on deposit	927	2,271
Cost before defined benefit pension scheme	(673,425)	(1,199,351)
(Loss)/Profit before defined benefit pension costs and property gains	(7,187)	81,199
Defined benefit pension – lump sum & salary-related contributions	(19,000)	(92,000)
Defined benefit pension – other costs recognised by pension scheme	(95,000)	(16,000)
Investment property fair value adjustment	-	-
(Loss)/profit for the financial year	(121,187)	(26,801)
Pension scheme net actuarial gains	494,000	(389,000)
Total comprehensive income for the year	372,813	(415,801)

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

Statement of Directors' responsibilities

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

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

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

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

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

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Directors

Louise Stewart (Chair)

Frances Downton (Bucksey) (Chief Executive)

John Atherton FCA

Sandra Barnes-Keywood

Andrew Bateman

Graham Hukins

Martine Humphray (resigned 30 September 2020*)

Daniel Humphreys

William Myles (appointed 30 September 2020)

Stephen Munn (resigned 31 March 2021)

Robert O'Connor

Caryl Oliver

Ken Robinson CBE

*Resigned on completion of term of office.

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

By order of the board 23 July 2021

P Oliver

Secretary

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Independent review report

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

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

We have reviewed the financial statements of The Southern and South East England Tourist Board for the year ended 31 March 2021, which comprise the Statement of Income and Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes to the financial statements, including summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Directors' Responsibility for the Financial Statements

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

Accountants' Responsibility

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

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The

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procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these financial statements.

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 2021, and of its profit for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act 2006.

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

Date 27/07/2021

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Statement of income and statement of comprehensive income

For the year ended 31 March 2021

		2021	2020
		£	£
Turnover		394,294	1,211,401
Cost of sales		(496,963)	(1,009,517)
		—————	—————
Gross (loss)/profit		(102,669)	201,884
Administrative expenses		(207,462)	(222,834)
Other operating income	3	271,017	66,878
		—————	—————
Operating (loss)/profit		(39,114)	45,928
Interest receivable and similar income		927	2,271
Interest payable and similar charges		(83,000)	(75,000)
		—————	—————
(Loss) on ordinary activities before and after taxation for the financial year		(121,187)	(26,801)
		=====	=====
(Loss) for the financial year		(121,187)	(26,801)
Other comprehensive income			
Pension scheme net actuarial gain/(loss)	10	494,000	(389,000)
		—————	—————
Total comprehensive income/(expenditure) for the year		372,813	(415,801)
The notes on pages 18 to 34 form part of these financial statements.		—————	—————

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Balance sheet as at 31 March 2021

<i>Company number 01345038</i>	Note	2021	2021	2020	2020
Fixed assets					
Tangible assets	6		877,831		880,703
Current assets					
Stocks		29,983		31,800	
Debtors	7	95,106		133,287	
Deposits		-		50,000	
Cash at bank and in hand		129,200		149,808	
			254,289		364,895
Creditors: amounts falling due within one year	8	(184,555)		(314,346)	
Net current assets			69,734		50,549
Net assets excluding non-current liabilities			947,565		931,252
Non-current liabilities					
Borrowings	9		(42,500)		-
Pension scheme	10		(3,185,000)		(3,584,000)
Total net liabilities			(2,279,935)		(2,652,748)
Capital and reserves					
Special projects reserve	11		50,120		50,120
Revaluation reserve	11		427,379		427,379
Profit and loss account	11		(2,757,434)		(3,130,247)
Total deficit			(2,279,935)		(2,652,748)

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For the year ended 31 March 2021 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 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the board of directors and authorised for issue on 23 July 2021.

L Stewart
Director

J P Atherton
Director

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

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Statement of changes in equity

For the year ended 31 March 2021

	Special projects reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2020	50,120	427,379	(3,130,247)	(2,652,748)
Comprehensive income for the year				
(Loss) for the year	-	-	(121,187)	(121,187)
Pension scheme net actuarial gain	-	-	494,000	494,000
Other comprehensive income for the year	-	-	494,000	494,000
Total comprehensive income for the year	-	-	372,813	372,813
Transfer between reserves		-	-	-
At 31 March 2021	50,120	427,379	(2,757,434)	(2,279,935)

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Statement of changes in equity

For the year ended 31 March 2021

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

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

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Notes forming part of the financial statements

For the year ended 31 March 2021

1 Accounting policies

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

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

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

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

The following principal accounting policies have been applied:

Going concern

Although the balance sheet reflects net liabilities of £2,279,935 (2020 - £2,652,748), this includes a provision for a pension deficit of £3,185,000 (2020 - £3,584,000) which is not a current liability. The net asset position before pension deficit at 31 March 2021 is £905,065 (2020 - £931,252) of which £129,200 (2020 - £199,808) is held in cash and cash deposits. At 31 March 2021 net current assets stood at £69,734 (2020 - £50,549).

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured. Revenue from training, marketing and research projects is reflected in the period the provision of services to which the income relates is performed. Membership income is accounted for in the period in which a subscription relates.

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1 Accounting policies (continued)

Any project or membership income relating to the period after the year end is reflected in deferred income. Income from visitor centres is accounted for in the period when the supply of goods or services takes place.

Taxation

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

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

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

Tangible fixed assets

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

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

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

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

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1 Accounting policies (*continued*)

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

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

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

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

Investment properties

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

Stocks

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

Deposits

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

Cash and cash equivalents

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

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1 Accounting policies (*continued*)

Financial instruments

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

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

Pension costs

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

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

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

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

Foreign currency

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

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1 Accounting policies (*continued*)

Government grants

The following government grants have been received during the year:

- Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.
- Coronavirus Job Retention Scheme: the accrual model has been used to recognise the grant on a systematic basis over the periods in which the related staff costs are incurred.
- Business Support Grant Funds: the accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

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

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

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets (note 6)*

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

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

Residual value assessments consider issues such as future market conditions, the remaining life of the asset, and projected disposal values.

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

- *The central underlying assumptions in relation to the estimates of the defined benefit pension schemes such as rates of inflation, mortality, discount rates and anticipated future salary increases (note 10)*

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

3 Other operating income

Other operating income includes grant funding support received as a consequence of the COVID-19 pandemic of £206,163 (2020 - £nil).

4 Employees

The average number of persons (including executive directors) employed during the year was:	2021	2020
	32	35

5 Other finance charges

	2021	2020
	£	£
Expected return on pension scheme assets	221,000	249,000
Interest on pensions scheme liabilities	(304,000)	(324,000)
	<hr/>	<hr/>
	(83,000)	(75,000)

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6 Tangible fixed assets

	Investment Property	Land and buildings	Plant and machinery	Total
<i>Cost or valuation</i>				
At 1 April 2020	667,000	292,115	103,434	1,062,549
Additions	-	-	2,115	2,115
	_____	_____	_____	_____
At 31 March 2021	667,000	292,115	105,549	1,064,664
	_____	_____	_____	_____
<i>Depreciation</i>				
At 1 April 2020	-	78,412	103,434	181,846
Provided for the year	-	4,282	705	4,987
	_____	_____	_____	_____
At 31 March 2021	-	82,694	104,139	186,833
	_____	_____	_____	_____
<i>Net book value</i>				
At 31 March 2021	667,000	209,421	1,410	877,831
	=====	=====	=====	=====
At 31 March 2020	667,000	213,703	-	880,703
	=====	=====	=====	=====

Included within land and buildings is £135,548 (2020 - £135,548) for land upon which no depreciation has been provided.

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Investment properties

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

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

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7 Debtors

	2021	2020
	£	£
Trade debtors	44,319	85,175
Other debtors	50,787	48,112
	<hr/>	<hr/>
	95,106	133,287
	<hr/> <hr/>	<hr/> <hr/>

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

8 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	54,617	113,992
Taxation and social security	7,895	12,020
Borrowings	7,500	-
Other creditors	114,543	188,334
	<hr/>	<hr/>
	184,555	314,346
	<hr/> <hr/>	<hr/> <hr/>

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

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9 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Borrowings	42,500	-
	<hr/>	<hr/>
	42,500	-
	<hr/>	<hr/>

During the year and following the COVID-19 outbreak, the company took out a Bounce Back Loan of £50,000 to assist with cash flow. The loan is for 6 years with no repayments for the first 12 months. £2,500 will be due for repayment after more than 5 years. Interest is charged at a rate of 2.5% and is paid for by HM Government for the first 12 months.

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 either scheme and has no control over the investment decisions and assumptions made by their administrators.

At 31 March 2021 company contributions of £1,949 were outstanding in respect of defined benefit schemes and included within creditors (2020 - £8,095).

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

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

At 31 March 2019 the market value of the company's share of assets with the Kent County Council scheme was equivalent to a funding level of 110%. Under the circumstances the company, on actuarial advice, is paying a contribution rate of 30.3% for the years ending 31

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10 Pensions *(continued)*

March 2021, 31 March 2022 and 31 March 2023. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

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

The valuations have been updated by the actuaries to take account of the requirements of FRS 102 in order to assess the liabilities of the funds as at 31 March 2021. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

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

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

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

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

	2021	2020
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(13,374,000)	(13,834,000)
Current service cost	(28,000)	(31,000)
Interest cost	(304,000)	(324,000)
Benefits paid	460,000	535,000
Actuarial (losses)/gains	(1,841,000)	285,000
Contributions by participants	(5,000)	(5,000)
	—————	—————
At the end of the year	(15,092,000)	(13,374,000)
	=====	=====
	2021	2020
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	(15,092,000)	(13,374,000)
	=====	=====

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	2021	2020
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	9,790,000	10,655,000
Interest income on plan assets	221,000	249,000
Actuarial gains/(losses)	2,335,000	(674,000)
Cash contribution	19,000	92,000
Benefits paid	(460,000)	(535,000)
Administration expenses	(3,000)	(2,000)
Contributions by participants	5,000	5,000
	_____	_____
At the end of the year	11,907,000	9,790,000
	=====	=====
Fair value of plan assets	11,907,000	9,790,000
Present value of plan liabilities	(15,092,000)	(13,374,000)
	_____	_____
Net pension scheme liability	(3,185,000)	(3,584,000)
	=====	=====
<i>Amounts recognised in the profit and loss amount are as follows;</i>		
<i>Included in administrative expenses</i>		
Current service cost	28,000	31,000
	_____	_____
	28,000	31,000
	=====	=====

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	2021	2020
<i>Amounts included in other finance costs</i>	£	£
Net interest cost	83,000	75,000
	=====	=====
	2021	2020
<i>Analysis of actuarial loss recognised in Other Comprehensive Income</i>	£	£
Actual return less interest income included in net interest income	889,000	(358,000)
Experience gains and losses arising on the scheme liabilities	75,000	(38,000)
Changes in assumptions underlying the present value of the scheme liabilities	(470,000)	7,000
	-----	-----
	494,000	(389,000)
	=====	=====
	2021	2020
<i>Composition of plan assets</i>	£	£
Equities	7,090,000	5,448,000
Bonds	1,887,000	1,872,000
Property	901,000	921,000
Other	2,029,000	1,549,000
	-----	-----
	11,907,000	9,790,000
	=====	=====

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	2021	2020
	£	£
<i>Actual return on plan assets</i>	2,556,000	(425,000)
	<u> </u>	<u> </u>

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	Hampshire		Kent	
	2021	2020	2021	2020
	%	%	%	%
<i>Principal actuarial assumptions used at the balance sheet date</i>				
Discount rates	2.10	2.30	1.95	2.35
Future salary increases	2.70	2.00	2.85	2.05
Future pension increases	2.70	2.00	2.85	2.05
<i>Inflation assumption</i>				
CPI	2.70	2.00	2.85	2.05
<i>Mortality rates:</i>				
- for a male aged 65 now	23.1	23.0	21.6	21.8
- at 65 for a male member aged 45 now	24.8	24.7	22.9	23.2
- for a female aged 65 now	25.5	25.5	23.6	23.7
- at 65 for a female member aged 45 now	27.3	27.2	25.1	25.2

11 Reserves

Special projects reserve

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

Revaluation reserve

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

Profit and loss account

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

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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. WEL is a related party by virtue of F Downton's directorship of that company and The Southern and South East England Tourist Board. TSE acts as agent for WEL, whose principal activity is the promotion and development of tourism through the training system known as the Welcome to Excellence Programme.

The company received income from WEL totalling £450 during the year (2020 - £2,034) and made purchases of £58 (2020 - £6,169). At the balance sheet date the amount owed to the company by WEL was £450 (2020 - £2,034) and the amount owed to WEL was £17,734 (2020 - £19,775).

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

13 Member's liability

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

14 Post balance sheet events

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

The Directors do not consider that subsequent events relating to the COVID-19 pandemic have had a material impact on the company's financial position at the balance sheet date and thus no adjustments have been made to the carrying values of the company's assets and liabilities as at 31 March 2021.

Company Information

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TOURISM
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