

TOURISM SOUTH EAST  
ANNUAL REVIEW 2023

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INCORPORATING THE  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 MARCH 2023

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## Company Information

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**TOURISM**  
**SOUTH EAST**

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# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Chair's Statement

Basking in Autumnal sunshine as I write this, it feels like the summer of 2023 wasn't too bad after all, but then I remember the rainy days in July and throughout much of August and the predictable media negativity about the British summer that will always arise. The weather could have been better but at least we didn't suffer from the prolonged and stifling heatwave that hit much of Europe and indeed, something TSE was invited to comment on in the national media. The market has seen so many variables still impacting on the visitor economy and certain issues, like the skills gap, seeming to go on forever. Nevertheless, it does feel like there has been some progress over the past twelve months. Both our coastal and countryside destinations are regularly appearing in press features, and some of our resorts are being cited as the best in the country. It has however been a mixed picture for various other sections of the industry with high wholesale food prices, and the continuing issue of staffing shortages, have made it difficult for some businesses to benefit.



Before the Pandemic, many local authorities committed themselves to Net Zero Carbon Emissions, some as early as 2030. As this target date looms ever closer, many things we have long taken for granted, are starting to be questioned. Can we continue to provide major international air shows for example? Should we still be supporting large firework displays? Is it time to take the costs of visitor impact more seriously? The drive towards achieving a more environmentally sustainable industry is also something the new Local Visitor Economy Partnerships (LVEPs) are committed to focussing on.

Since last year, TSE has been working with VisitEngland to provide input into how the LVEP programme is rolled out, and following the pilot in the north-east, three DMOs in our area have been accredited. The scheme will create a national portfolio of strategic LVEPs working in collaboration locally, regionally, and nationally on shared priorities and targets to support and grow the visitor economy. The programme is proceeding with new local Boards established and the new organisations functioning for 2024.

Meanwhile, TSE has been working extremely hard throughout the past twelve months. The organisation is now stronger, is in better financial health, and there has been increased uptake in areas such as training and research. Altogether, we are in a better place than a year ago, and I can only thank the staff for making this possible. I would also like to thank the Board for their continuing support and valuable insight, both past and present

**Chair - Phil Evans**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Chief Executive's Statement



The Annual Report affords us the opportunity for reflection, contemplation, and the dissemination of our accomplishments and triumphs throughout the past year at Tourism South East, for our members, and the broader sector. It is with assurance that we acknowledge the visitor economy's robust resurgence, as indicated by recent tourism forecasts, propelling us closer to the income of 2019. This year has indeed witnessed a more robust atmosphere in terms of activity, with current national projections estimating 37.5 million visits (equivalent to 92% of the 2019 figures) and expenditure of £30.9 billion (representing 90% of the 2019 level) for the year 2023.

As a sector, we are all advancing toward sustainable growth, albeit not without facing our share of challenges, including escalated operational expenses, reduced expenditures, and the influence of extreme weather conditions, leaving us to grapple with changing trends and shifts in the market.

Taking into account Tourism South East's performance over the past twelve months, we have undertaken substantial investments within our teams, warmly embracing new personnel bringing fresh skills and expertise into our organisation, to serve the interests of our members.

Our training team has remained engaged in the development and customisation of training programs to further the skills agenda. The significance of data and research remains of high importance in the sector, underpinning the research departments securing of new contracts. We also take pride in Tourism South East's pivotal role in spearheading destination-planning initiatives in collaboration with select destinations across the region.

We are committed to enhancing the synergies between our membership and marketing endeavors, ensuring an integrated and streamlined approach for our members' collective benefit. Our event programmes have continued to facilitate communication, collaboration, and sector-wide awareness, fostering engagement across our destinations, commercial partners, and national affiliates.

Tourism South East's markets continue to exhibit resilience and build their momentum. It is therefore with a sense of optimism that we cast our gaze toward the forthcoming twelve months. I extend my sincere gratitude to the Board for their consistent guidance and support, as well as to the dedicated Tourism South East team for their diligence, commitment, and unwavering passion for the work that we do.

**Chief Executive - Fran Downton**

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## Supporting Tourism Businesses

### **Collaboration - Members Support**

#### ***Commercial Membership & Destination Partnership***

Our commitment to enhancing the efficacy of our membership packages remains, as we collaborate closely with our members to ensure the utilisation of all the benefits and promotional avenues available to them. Our marketing team ensures the seamless delivery of members' digital content to consumers, alongside updated web entries and the delivery of a total of 47 e-newsletters.

We are delighted to report the return of numerous businesses to in-person networking events, reuniting over 100 members across 12 events. The Annual Beautiful South Awards continue to occupy a prominent position in our annual calendar, serving as the paramount event for showcasing and celebrating the successes of our members. We are especially pleased that 50 of our members went on to represent our region at the national awards.

Our collaborative efforts with destinations throughout the region have seen remarkable progress. The Tourism South East Destination Alliance, in cooperation with over 25 destinations, continues to address pivotal regional concerns.

Furthermore, destinations nationwide are currently undergoing a transition to a new Local Visitor Partnership framework, with the aim of refining the current destination landscape. In response, Tourism South East has diligently worked alongside its destination partners and with VisitEngland to facilitate and support this transition process.



### **Making a Mark – Marketing Support**

#### ***International Travel Trade***

The reopening of international markets has transpired more gradually than anticipated, owing to economic pressures. Throughout 2022, we closely monitored individual market dynamics and ensured that our re-entry activities into the Nordics, US, and Dutch markets were conducted at appropriate points.

As we embarked on 2023, it became evident that the US market was playing a pivotal role in propelling the UK visitor economy, while interest in European markets also exhibited a steady upswing. This has afforded us the opportunity to provide our members with tailored initiatives and campaigns to engage effectively with these markets. It is apparent, however, that re-entry into the China and Asia markets will require additional time and consideration.

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## ***Groups and Domestic Trade***

The resurgence of the group travel market has been heartening to witness, following a cautious and tentative post-pandemic response from group travel organisers. We have maintained a consistent engagement with this market, dispatching digital updates, alongside our printed Group Travel Guide. Our successful Excursions exhibition, held at Twickenham in January 2023, welcomed over 600 group travel organisers, coach, and tour operators, and 120 exhibiting businesses across 2 halls.



We are pleased to announce that the event exceeded expectations, drawing over 140 special guests who enjoyed exclusive access to the VIP area and a captivating mini-stadium tour of Twickenham Stadium, and access to the World Rugby Museum. Encouraged by this success, we have taken the confident step to relocate to the prestigious Wembley

Stadium for the 2024 event.

## ***Consumer Marketing***

Our marketing team has maintained an impressive workload, spearheading digital initiatives through the Love South East England campaign. This expansion has extended the reach of destinations in relation to SLA projects and has ensured that our members receive top-tier marketing support through their membership packages. Consistent updates to the VisitSouthEastEngland.com website have fortified its content, contributing to a robust web traffic record of 3.2 million page views in 2022.

Our event pages have witnessed a resurgence in performance, while the 'things to do' pages continue to serve as a source of inspiration across the region. Our e-newsletter program and themed communications, directed toward our extensive consumer database of 38,000, consistently maintain an impressive open rate of 28%, surpassing industry norms.



# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## The Skill Agenda – Training Support

The past 12 months have been marked by a resounding success in the delivery of training programmes, as the importance of addressing the skills agenda remains a priority for many organizations across the country. Remarkably, even as we enter the summer season, typically characterised by a decrease in training demands, the demand for training continues unabated, surpassing trends observed in 2019.

The focus on sustainability has occupied a central position for many businesses in the past year. Collaborating with destinations, we have executed funded courses and training programmes including Green Edge and Welcome Host Gold courses, proving City and Guilds option.

Our commitment to delivering the national contract on behalf of Visit Scotland has been met with widespread enthusiasm. Additionally, we have undertaken substantial training projects, including the delivery of Welcoming All Customers for Visit Staines, customised training for a project targeting walking and cycling, and the ongoing Island Ambassador program for the Isle of Wight. The bolstered resources within our training team have proven instrumental in accommodating this heightened demand.



## Volume and Value – Research Support

### TSE Research

Our research team has remained exceptionally busy, as demand and opportunities around data and research continues. We take pride in overseeing both the Isle of Wight and the Isle of Man passenger surveys. Our portfolio extends to encompass a multitude of surveys and audit-based projects, as well as substantial undertakings geared towards impact assessment and support for destination management initiatives.



In light of a significant delay in the national data supply from VisitBritain, we regrettably had to defer the release of destination value and volume reports for both 2021 and 2022. However, we have managed to provide some destinations with generic data, with a commitment to disseminate all reports in the coming months. This will be particularly timely as we are gearing up for the launch of the Cambridge Model V2 later this year, which will incorporate AirDNA data and robust localised data sets.

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## Destination Projects

We are honored to have been entrusted as the delivery entity for several of the region's largest funded projects under the UK Shared Prosperity Fund (UKSPF). These projects span across various TSE departments, harnessing our resources and skill sets to execute large-scale and strategically significant initiatives.

The South Oxon and Vale UKSPF project, initiated in April, required the establishment of baseline research, serving as a precursor to the strategic development of a Destination Management Plan for completion by this year's end. This comprehensive plan will pave the way for the subsequent marketing execution in 2024.

The Arun UKSPF project is poised to commence toward the year's end, commencing with a baseline skills audit and evolving into the delivery of training initiatives in 2024.





# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Report of the Directors for the year ended 31 March 2023

The directors present their report together with the financial statements for the year ended 31 March 2023.

**Results:** The statement of comprehensive income is set out on page 1 and shows the loss for the year.

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

	<b>2023</b>	2022
	£	£
Membership subscription income included in turnover	191,784	171,600
Other activities	677,674	594,730
<b>Turnover</b>	<b>869,458</b>	<b>766,330</b>
Rent and service charge income	81,077	56,725
COVID related grants receivable	9,000	42,180
Interest from cash held on deposit	694	219
Cost before defined benefit pension scheme	(902,478)	(826,929)
<b>Profit before defined benefit pension costs and property gains</b>	<b>57,751</b>	<b>38,525</b>
Defined benefit pension – lump sum & salary-related contributions	(22,000)	(21,000)
Defined benefit pension – other costs recognised by pension scheme	(79,000)	(86,000)
Fixed asset transfer adjustment	-	20,331
Investment property fair value adjustment	-	61,180
<b>(Loss)/Profit for the financial year</b>	<b>(43,249)</b>	<b>13,036</b>
Pension scheme net actuarial gains	2,235,000	1,115,000
<b>Total comprehensive income for the year</b>	<b>2,191,751</b>	<b>1,128,036</b>

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

**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.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## **Directors**

Phil Evans (Chair)

Frances Downton (Bucksey) (Chief Executive)

John Atherton FCA

Sandra Barnes-Keywood (resigned 26 September 2022)

Andrew Bateman

Kim Hallett (appointed 22 September 2022)

Graham Hukins

Daniel Humphreys

Peter Mols (appointed 22 September 2022)

William Myles (resigned 21 February 2023)

Caryl Oliver

Ken Robinson CBE

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

**By order of the board 18 July 2023**

P Oliver

**Secretary**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 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 2023, 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 1 March 2023. 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 8 to 9], 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

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

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 2023, 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 31/07/2023**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Statement of income and statement of comprehensive income

For the year ended 31 March 2023

		2023 £	2022 £
<b>Turnover</b>		869,458	766,330
Cost of sales		(778,973)	(688,050)
		-----	-----
<b>Gross profit</b>		90,485	78,280
Administrative expenses		(165,505)	(179,879)
Other operating income	3	90,077	98,905
		-----	-----
<b>Operating profit/(loss)</b>		15,057	(2,694)
Interest receivable and similar income		694	219
Interest payable and similar charges		(59,000)	(66,000)
		-----	-----
<b>(Loss) on ordinary activities before and after taxation for the financial year</b>		(43,249)	(68,475)
		-----	-----
<b>(Loss) for the financial year</b>		(43,249)	(68,475)
<b>Other comprehensive income</b>			
Pension scheme net actuarial gain/(loss)	10	2,235,000	1,115,000
Investment property fair value adjustment		-	61,180
Fixed asset transfer adjustment		-	20,331
		-----	-----
<b>Total comprehensive income/(expenditure) for the year</b>		2,191,751	1,128,036
The notes on pages 17 to 32 form part of these financial statements.		=====	=====

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Balance sheet as at 31 March 2023

<i>Company number 01345038</i>	Note	2023	2023	2022	2022
<b>Fixed assets</b>					
Tangible assets	6		<b>150,422</b>		155,408
Investment Property	6		<b>800,000</b>		800,000
<b>Current assets</b>					
Stocks		<b>27,085</b>		27,834	
Debtors	7	<b>147,803</b>		128,022	
Cash at bank and in hand		<b>219,622</b>		190,394	
			<b>394,510</b>	346,250	
<b>Creditors: amounts falling due within one year</b>	8	<b>(282,581)</b>		(265,057)	
<b>Net current assets</b>			<b>111,929</b>		81,193
<b>Net assets excluding non-current liabilities</b>			<b>1,062,352</b>		1,036,601
<b>Non-current liabilities</b>					
Borrowings	9		<b>(22,500)</b>		(32,500)
Pension scheme	10		-		(2,156,000)
<b>Total net liabilities</b>			<b>(1,039,852)</b>		(1,151,899)
<b>Capital and reserves</b>					
Special projects reserve	11		<b>50,120</b>		50,120
Revaluation reserve	11		<b>508,890</b>		508,890
Profit and loss account	11		<b>480,842</b>		(1,710,909)
<b>Total surplus/(deficit)</b>			<b>1,039,852</b>		(1,151,899)

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For the year ended 31 March 2023 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 18 July 2023.

P Evans  
**Director**

J P Atherton  
**Director**

The notes on pages 17 to 32 form part of these financial statements.



# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Statement of changes in equity

For the year ended 31 March 2023

	Special projects reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2022</b>	<b>50,120</b>	<b>508,890</b>	<b>(1,710,909)</b>	<b>(1,151,899)</b>
<b>Comprehensive income for the year</b>				
<b>(Loss) for the year</b>	-	-	<b>(43,249)</b>	<b>(43,249)</b>
Pension scheme net actuarial gain	-	-	2,235,000	2,235,000
Investment Property Fair Value Adjustment	-	-	-	-
Fixed asset transfer adjustment	-	-	-	-
<b>Other comprehensive income for the year</b>	-	-	<b>2,235,000</b>	<b>2,235,000</b>
<b>Total comprehensive income for the year</b>	-	-	<b>2,191,751</b>	<b>2,191,751</b>
Transfer between reserves	-	-	-	-
<b>At 31 March 2023</b>	<b>50,120</b>	<b>508,890</b>	<b>480,482</b>	<b>1,039,852</b>

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Statement of changes in equity

For the year ended 31 March 2022

	Special projects reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2021</b>	<b>50,120</b>	<b>427,379</b>	<b>(2,757,434)</b>	<b>(2,279,935)</b>
<b>Comprehensive income for the year</b>				
<b>(Loss) for the year</b>	-	-	<b>(68,475)</b>	<b>(68,475)</b>
Pension scheme net actuarial gain	-	-	1,115,000	1,115,000
Investment Property Fair Value Adjustment	-	61,180	-	61,180
Fixed asset transfer adjustment	-	20,331	-	20,331
<b>Other comprehensive income for the year</b>	-	<b>81,511</b>	<b>1,115,000</b>	<b>1,196,511</b>
<b>Total comprehensive income for the year</b>	-	<b>81,511</b>	<b>1,046,525</b>	<b>1,128,036</b>
Transfer between reserves	-	-	-	-
<b>At 31 March 2022</b>	<b>50,120</b>	<b>508,890</b>	<b>(1,170,909)</b>	<b>(1,151,899)</b>

The notes on pages 17 to 32 form part of these financial statements.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Notes forming part of the financial statements

For the year ended 31 March 2023

### 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*

The balance sheet as at 31 March 2023 reflects net assets of £1,039,852 (2022 - liabilities of £1,151,899). With no pension liability the net asset position before pension adjustments remains at £1,039,852 (2022 - £1,004,101) of which £219,622 (2022 - £190,394) is held in cash and cash deposits. At 31 March 2023 net current assets stood at £111,929 (2022 - £81,193).

Having considered the forecasts for 2023 and 2024 the directors are confident that the company has adequate reserves to cover its liabilities as they fall due over the 12 months from the date of this report and accordingly the accounts are prepared on the going concern basis.

#### *Revenue recognition*

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

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 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

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 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.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 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 objective evidence of impairment is found, an impairment loss is recognised in the income statement.

### *Pension costs*

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

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

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

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

### *Foreign currency*

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

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 1 Accounting policies (*continued*)

### *Government grants*

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.

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.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

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

- *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 £9,000 (2022 - £42,180).

## 4 Employees

The average number of persons (including executive directors) employed during the year was:	<b>2023</b>	2022
	<b>26</b>	29

## 5 Other finance charges

	<b>2023</b>	2022
	<b>£</b>	£
Expected return on pension scheme assets	<b>233,000</b>	239,000
Interest on pensions scheme liabilities	<b>(382,000)</b>	(305,000)
	<b>(59,000)</b>	(66,000)



# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 6 Tangible fixed assets

	Investment Property	Land and buildings	Plant and machinery	Total
<i>Cost or valuation</i>				
At 1 April 2022	800,000	220,295	87,485	1,107,780
Transfers	-	-	-	-
Disposals	-	-	-	-
Fair Value Adjustment	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	<b>800,000</b>	<b>220,295</b>	<b>87,485</b>	<b>1,107,780</b>
<i>Depreciation</i>				
At 1 April 2022	-	65,592	86,780	152,372
Provided for the year	-	4,281	705	4,986
Transfers	-	-	-	-
Disposals	-	-	-	-
Fair value adjustment	-	-	-	-
At 31 March 2023	-	<b>69,873</b>	<b>87,485</b>	<b>157,358</b>
<i>Net book value</i>				
At 31 March 2023	<b>800,000</b>	<b>150,422</b>	-	<b>950,422</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	800,000	154,703	705	955,408
	<hr/>	<hr/>	<hr/>	<hr/>

Included within land and buildings is £135,548 (2022 - £135,548) for land upon which no depreciation has been provided.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## **Investment properties**

The investment property is valued at fair value. The last independent valuation was undertaken in 2022 in accordance with the Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2. The directors consider this valuation to still be appropriate and believe that the property value has not been impaired.

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

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 7 Debtors

	2023	2022
	£	£
Trade debtors	117,647	104,713
Other debtors	30,156	23,309
	<hr/>	<hr/>
	147,803	128,022
	<hr/> <hr/>	<hr/> <hr/>

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

## 8 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	90,647	92,886
Taxation and social security	18,313	21,240
Borrowings	10,000	10,000
Other creditors	163,621	140,931
	<hr/>	<hr/>
	282,581	265,057
	<hr/> <hr/>	<hr/> <hr/>

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

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 9 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Borrowings	22,500	32,500
	<hr/>	<hr/>
	22,500	32,500
	<hr/>	<hr/>

During 2020/21 following the COVID-19 outbreak the company took out a Bounce Back Loan of £50,000 to assist with cash flow. Interest is charged at a rate of 2.5%.

## 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 2023 company contributions of £2,169 were outstanding in respect of defined benefit schemes and included within creditors (2022 - £2,202).

The last full actuarial assessments of both local authority funds were carried out by qualified independent actuaries at 31 March 2022.

At 31 March 2022 the market value of the company's share of assets within the Hampshire County Council scheme was equivalent to a funding level of 107.1%. Under the circumstances the company, on actuarial advice, is paying a contribution rate of 21.8% for the years ending 31 March 2024, 31 March 2025 and 31 March 2026. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

At 31 March 2022 the market value of the company's share of assets with the Kent County Council scheme was equivalent to a funding level of 110.1%. Under the circumstances the company, on actuarial advice, and following negotiation, is paying a contribution rate of 18.0% (2020-2023 30.3%) for the years ending 31 March 2024, 31 March 2025 and 31 March 2026. From 1 April 2014 the employees are paying between 5.5% and 12.5%.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 10 Pensions *(continued)*

The next full actuarial assessments of both local authority funds are being carried out by qualified independent actuaries at 31 March 2025. The results will be available by 31 March 2026.

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 2023. 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.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

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

	2023	2022
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	<b>(14,221,000)</b>	(15,092,000)
Current service cost	<b>(40,000)</b>	(39,000)
Interest cost	<b>(382,000)</b>	(305,000)
Benefits paid	<b>537,000</b>	500,000
Actuarial gains	<b>3,099,000</b>	720,000
Contributions by participants	<b>(5,000)</b>	(5,000)
	—————	—————
At the end of the year	<b>(11,012,000)</b>	(14,221,000)
	=====	=====
	2023	2022
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	<b>(11,012,000)</b>	(14,221,000)
	=====	=====

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

	2023	2022
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	12,065,000	11,907,000
Interest income on plan assets	323,000	239,000
Actuarial (losses)/gains	(551,000)	395,000
Cash contribution	22,000	21,000
Benefits paid	(537,000)	(500,000)
Administration expenses	(2,000)	(2,000)
Contributions by participants	5,000	5,000
	_____	_____
At the end of the year	11,325,000	12,065,000
	=====	=====
Fair value of plan assets	11,325,000	12,065,000
Present value of plan liabilities	(11,012,000)	(14,221,000)
	_____	_____
Net pension scheme	313,000	(2,156,000)
Net pension scheme (liability)	-	(2,156,000)
	=====	=====
<i>Amounts recognised in the profit and loss amount are as follows;</i>		
<i>Included in administrative expenses</i>		
Current service cost	40,000	39,000
 <i>Amounts included in other finance costs</i>		
Net interest cost	59,000	66,000

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

	<b>2023</b>	2022
<i>Analysis of actuarial loss recognised in Other Comprehensive Income</i>	<b>£</b>	<b>£</b>
Actual return less interest income included in net interest income	<b>16,000</b>	6,000
Experience gains and losses arising on the scheme liabilities	<b>(588,000)</b>	(11,000)
Changes in assumptions underlying the present value of the scheme liabilities	<b>2,807,000</b>	1,120,000
	—————	—————
	<b>2,235,000</b>	1,115,000
	=====	=====
	<b>2023</b>	2022
<i>Composition of plan assets</i>	<b>£</b>	<b>£</b>
Equities	<b>6,775,000</b>	7,051,000
Bonds	<b>1,770,000</b>	2,052,000
Property	<b>896,000</b>	1,036,000
Other	<b>1,883,000</b>	1,926,000
	—————	—————
	<b>11,325,000</b>	12,065,000
	=====	=====
	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
<i>Actual return on plan assets</i>	<b>(228,000)</b>	634,000
	=====	=====



# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

	Hampshire		Kent	
	2023	2022	2023	2022
	%	%	%	%
<i>Principal actuarial assumptions used at the balance sheet date</i>				
Discount rates	4.80	2.80	4.80	2.60
Future salary increases	2.70	3.10	2.95	3.30
Future pension increases	2.70	3.10	2.95	3.30
<i>Inflation assumption</i>				
CPI	2.70	3.10	2.95	3.30

	Hampshire		Kent	
	2023	2022	2023	2022
<i>Mortality rates:</i>				
- for a male aged 65 now	23.3	22.9	21.1	21.6
- at 65 for a male member aged 45 now	23.8	24.7	22.3	23.0
- for a female aged 65 now	25.7	25.4	23.5	23.7
- at 65 for a female member aged 45 now	26.7	27.1	25.0	25.1

The company is responsible for the liabilities of the pension scheme but has no right to any assets held in the scheme in excess of plan liabilities. Therefore, where there are net pension scheme assets the value carried to the balance sheet is £nil.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## 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.

## 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 (2022 - £1,490) and made purchases of £3,105 (2022 - £2,011). At the balance sheet date the amount owed to the company by WEL was £450 (2022 - £1,490) and the amount owed to WEL was £20,757 (2022 - £19,619).

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.

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

## Company Information

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