

REGISTERED NUMBER:

76 1149

**LONDON TOURIST BOARD LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**



## **LONDON TOURIST BOARD LIMITED**

### **Directors' Report**

The directors present their report for the year ended 31 March 1997.

### **Principal activities and review of business developments**

The activities of the company consist of tourism management, the promotion of London as a destination for business and leisure travel, the provision of services for visitors and Londoners and related commercial activities.

The company received a special grant of £923,000 from the Department of National Heritage, paid through the British Tourist Authority, in order to develop a major marketing initiative for London. This project, Focus London, will continue to form an important part of LTB's activities in 1997/98 and further DNH/BTA funding to LTB of £1.5 million has been agreed for this purpose.

### **Directors**

The following have been directors of the company for the whole of the year unless otherwise indicated:-

|                   |   |
|-------------------|---|
| Sir John Egan DL. | (Chairman)                              |
| J.J.Salisie CBE   | (Vice Chairman) (Resigned 22 July 1996) |
| P.E.Hopper        | (Managing Director)                     |
| T.C.Bartlett      |   |
| H.Baum MBE        | (Resigned 22 July 1996)                 |
| D.C.Beeton        |   |
| P.E.Cardnell      | (Appointed 7 October 1996)              |
| N.V.Cohen         |   |
| D.E.Dear          |   |
| Dr.M.R.Edwards    | (Appointed 22 July 1996)                |
| K.A.Gardner       |   |
| H.A.Goldsmith     |   |
| S.Gulliford       | (Appointed 10 February 1997)            |
| H.R.Hutchinson    |   |
| L.Isaacson        |   |
| R.A. Johnston     | (Appointed 25 November 1996)            |
| A.S.Lourie        |   |
| S.S.Newman        |   |
| F.E.Pearson       | (Resigned 22 July 1996)                 |
| R.E.G.Peel        |   |
| J.Petersen        | (Resigned 22 July 1996)                 |
| R.Power           | (Resigned 22 July 1996)                 |
| A.L.Sell          |   |
| T.Stanley         | (Resigned 7 October 1996)               |
| D.M.Thomas        | (Appointed 22 July 1996)                |

In accordance with the Articles of Association D.Dear and R.E.G.Peel retire by rotation and, being eligible, offer themselves for re-election. Mr.S.S.Newman is also retiring but is not eligible for re-election in accordance with Article 53. N.V.Cohen, P.E.Cardnell, S.Gulliford, R.A.Johnston and D.M.Thomas who have been appointed since the last AGM retire and, in accordance with the Articles of Association, offer themselves for re-election. Following the year under review, on 23 May 1997 Councillor Sandy Marks was appointed a Director.

#### **Statement of Directors' Responsibilities in Respect of the Accounts**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those accounts, the directors are required to:

select suitable accounting policies and apply them consistently;

make judgements and estimates that are reasonable and prudent; and

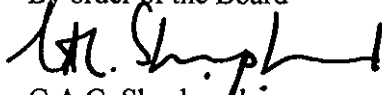
prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

#### **Auditors**

Smith & Williamson have expressed their willingness to continue as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



G.A.G. Shephard  
Secretary

26 Grosvenor Gardens  
London SW1W 0DU  
9 June 1997

## **Report of the Auditors to the Members of London Tourist Board Limited**

We have audited the accounts set out on pages 5 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

### **Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Smith & Williamson*

Smith & Williamson  
Chartered Accountants  
Registered Auditors  
1 Riding House Street  
London W1A 3AS  
12 June 1997

**LONDON TOURIST BOARD LIMITED**

**INCOME & EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 1997**

|  | Note | 1997<br>£        | 1996<br>£        |
|--|------|------------------|------------------|
| Income   | 3    | 4,582,328        | 4,361,139        |
| Expenditure                                    | 4    | 4,494,319        | 4,243,702        |
| Operating surplus                              |      | <u>88,009</u>    | <u>117,437</u>   |
| Bank interest receivable                       |      | 59,470           | 65,516           |
| Surplus on ordinary activities before taxation |      | <u>147,479</u>   | <u>182,953</u>   |
| Taxation                                       | 7    | 40,000           | 41,218           |
| Retained surplus for the year                  |      | £ <u>107,479</u> | £ <u>141,735</u> |

**Statement of retained surplus**

|   |                  |                  |
|---|------------------|------------------|
| At 1 April                              | 330,814          | 189,079          |
| Retained surplus for the financial year | 107,479          | 141,735          |
| At 31 March                             | £ <u>438,293</u> | £ <u>330,814</u> |

There are no recognised gains or losses for the year, other than the surplus on ordinary activities.

## LONDON TOURIST BOARD LIMITED

## BALANCE SHEET-31 MARCH 1997

|  | Note | 1997<br>£        | 1996<br>£        |
|--|------|------------------|------------------|
| <b>Fixed assets</b>                                  |      |                  |                  |
| Tangible fixed assets                                | 8    | 79,466           | 134,479          |
| <b>Current assets</b>                                |      |                  |                  |
| Stocks   | 2(e) | 64,290           | 58,518           |
| Debtors-amounts due within one year                  | 9    | 495,391          | 323,984          |
| Debtors-amounts due after more than one year         | 9    | 128,100          | 128,100          |
| Cash at bank and money market deposits               |      | 1,287,213        | 1,352,842        |
|  |      | <u>1,974,994</u> | <u>1,863,444</u> |
| <b>Creditors-amounts falling due within one year</b> | 10   | <u>1,616,167</u> | <u>1,667,109</u> |
| <b>Net current assets</b>                            |      | <u>358,827</u>   | <u>196,335</u>   |
| <b>Total net assets</b>                              |      | <u>£ 438,293</u> | <u>£ 330,814</u> |
| <b>Capital and reserves</b>                          |      |                  |                  |
| Income and expenditure account                       |      | <u>£ 438,293</u> | <u>£ 330,814</u> |



Sir John Egan



Serge Lourie

Directors

9 June 1997

# LONDON TOURIST BOARD LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1997

|  | Note     | 1997<br>£               | 1996<br>£                 |
|--|----------|-------------------------|---------------------------|
| Net cash outflow from operating activities | a        | (50,131)                | 14,277                    |
| Return on investments                      | b        | 59,495                  | 68,443                    |
| Taxation                                   | b        | (40,172)                | (49,052)                  |
| Capital expenditure                        | b        | (34,821)                | (110,330)                 |
|  |          | <u>(65,629)</u>         | <u>(76,662)</u>           |
| Management of liquid resources             | b        | (150,000)               | (350,000)                 |
| <b>(Decrease) in cash at bank</b>          | <b>£</b> | <b><u>(215,629)</u></b> | <b><u>£ (426,662)</u></b> |

### Notes to the cash flow statement

#### a) Reconciliation of operating profit to net cash inflow from operating activities.

|  | 1997<br>£              | 1996<br>£              |
|--|------------------------|------------------------|
| Operating profit                                   | 88,009                 | 117,437                |
| Depreciation charges                               | 89,834                 | 104,385                |
| Deferred grant release                             | (3,333)                | (3,333)                |
| (Increase)/decrease in stocks                      | (5,772)                | 1,940                  |
| (Increase)/decrease in debtors due within one year | (171,432)              | 103,766                |
| (Increase) in debtors due over one year            | -                      | (72,625)               |
| (Decrease) in creditors                            | (47,437)               | (75,293)               |
| (Decrease) in provisions                           | -                      | (162,000)              |
| <b>£</b>   | <b><u>(50,131)</u></b> | <b><u>£ 14,277</u></b> |

#### b) Gross cash flows

|  | 1997<br>£       | 1997<br>£      | 1996<br>£        | 1996<br>£      |
|--|-----------------|----------------|------------------|----------------|
| <b>Return on investments</b>                 |                 | <b>59,495</b>  |                  | <b>68,443</b>  |
| <b>Capital expenditure</b>                   |                 |                |                  |                |
| Payments to acquire tangible fixed assets    |                 | (34,821)       |                  | 110,330        |
| <b>Management of liquid resources</b>        |                 |                |                  |                |
| Money market deposits less than three months | 200,000         |                | 600,000          |                |
| Money market deposits over three months      | <u>(50,000)</u> |                | <u>(250,000)</u> |                |
|  |                 | <b>150,000</b> |                  | <b>350,000</b> |

#### c) Analysis of changes in net funds

|                       | At 1 April<br>1996 | Cash flows        | Other<br>changes | At 31 March<br>1997 |
|-----------------------|--------------------|-------------------|------------------|---------------------|
| Cash at bank          | 152,842            | (215,629)         | -                | (62,787)            |
| Money market deposits | 1,200,000          | 150,000           | -                | 1,350,000           |
| <b>Total</b>          | <b>£ 1,352,842</b> | <b>£ (65,629)</b> | <b>£ -</b>       | <b>£ 1,287,213</b>  |

## **LONDON TOURIST BOARD LIMITED**

### **NOTES ON THE ACCOUNTS-31 MARCH 1997**

#### **1 LONDON TOURIST BOARD LIMITED**

The London Tourist Board Limited is a company limited by guarantee. The sum guaranteed by each member is an amount not exceeding one pound.

#### **2 ACCOUNTING POLICIES**

##### **(a) Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **(b) Grant income**

Grant income represents amounts receivable as agreed with the English Tourist Board, the British Tourist Authority and the London Boroughs Grants Committee. The grant from the London Boroughs Grants Committee has been applied as a contribution to salaries and running costs in accordance with the objects of the grant.

##### **(c) Membership income**

Membership income is recognised when receivable and matched to the period to which it relates.

##### **(d) Tangible fixed assets**

Fixed assets are written off evenly over their estimated useful lives at the following rates:

|                                  |                       |
|----------------------------------|-----------------------|
| Leasehold improvements           | - over the lease term |
| Fixtures, fittings and equipment | - over 3 to 5 years   |
| Computer equipment               | - over 3 years        |
| Motor vehicles                   | - over 4 years        |

Capital grants are accounted for as deferred income and released to the income and expenditure account over the life of the related assets.

##### **(e) Stocks**

Stocks, comprising literature and merchandise for resale, are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

##### **(f) Pension benefits**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the income and expenditure account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

##### **(g) Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

##### **(h) Change in presentation**

The company has made a number of changes to the detailed disclosures shown in the notes to the accounts in order to provide a more meaningful presentation of the activities of the company. Corresponding figures have been adjusted.



**LONDON TOURIST BOARD LIMITED**  
**NOTES ON THE ACCOUNTS-31 MARCH 1997**

**3 Income**

|   | 1997<br>£          | 1996<br>£          |
|---|--------------------|--------------------|
| London Boroughs Grants Committee                          | 300,000            | 300,000            |
| English Tourist Board                                     | 489,828            | 546,110            |
| Membership subscriptions and Convention Bureau supplement | 671,955            | 644,464            |
| DNH/BTA funding re Focus London                           | 923,000            | 650,000            |
| Retail sales (Tourist Information Centres)                | 1,175,535          | 1,149,719          |
| Trading income  | 268,648            | 224,726            |
| Members schemes income                                    | 506,465            | 485,313            |
| Joint venture/promotions income                           | 246,897            | 360,807            |
|   | <u>£ 4,582,328</u> | <u>£ 4,361,139</u> |

**4 Expenditure**

|  | 1997<br>£          | 1996<br>£          |
|--|--------------------|--------------------|
| Staff costs  |                    |                    |
| Wages and salaries                                   | 1,609,951          | 1,551,498          |
| Social security costs                                | 141,218            | 110,916            |
| Temporary staff costs                                | 108,518            | 105,065            |
| Other pension costs                                  | -                  | 716                |
| Exceptional item - redundancies and associated costs | 183,523            | -                  |
|  | <u>£ 2,043,210</u> | <u>£ 1,768,195</u> |

There were no pension costs in 1996/97 since the pension scheme currently shows a large surplus. The company will continue to either make no or reduced contributions to the scheme until the surplus reaches a more appropriate level.

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Promotional expenditure (general) | £ 715,669 | £ 672,412 |
|-----------------------------------|-----------|-----------|

|                                      |             |           |
|--------------------------------------|-------------|-----------|
| Joint venture promotions expenditure | £ 1,003,756 | £ 860,763 |
|--------------------------------------|-------------|-----------|

**Operating costs and overheads**

|                          |         |         |
|--------------------------|---------|---------|
| Depreciation             | 89,834  | 104,385 |
| Deferred grant released  | (3,333) | (3,333) |
| Leasehold property rents | 189,907 | 189,500 |
| Auditors' remuneration:  |         |         |
| -Audit fee               | 9,900   | 8,320   |
| -Other services          | 7,740   | 3,450   |
| Other operating charges  | 549,783 | 640,010 |

**Exceptional item - released accruals**

|  |                    |                    |
|--|--------------------|--------------------|
|  | (112,147)          | -                  |
|  | <u>£ 731,684</u>   | <u>£ 942,332</u>   |
|  | <u>£ 4,494,319</u> | <u>£ 4,243,702</u> |

# **LONDON TOURIST BOARD LIMITED**

## **NOTES ON THE ACCOUNTS-31 MARCH 1997**

### **5 Directors' remuneration**

|   | <b>1997</b>   | <b>1996</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Remuneration, including pension contributions | <b>91,100</b> | <b>44,000</b> |

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

|                       | <b>1997</b>                | <b>1996</b>                |
|-----------------------|----------------------------|----------------------------|
|                       | <b>£</b>                   | <b>£</b>                   |
| Chairman              | -                          | -                          |
| Highest paid director | <b>91,100</b>              | <b>44,000</b>              |
| <b>Directors</b>      | <b>Number of Directors</b> | <b>Number of Directors</b> |
| £NIL                  | <b>24</b>                  | <b>22</b>                  |
| £40,001 to £45,000    | <b>0</b>                   | <b>1</b>                   |
| £90,001 to £95,000    | <b>1</b>                   | <b>0</b>                   |

In 1995/96 the Managing Director during the year, Colin Hobbs, was seconded from British Airports Authority plc, who were responsible for his remuneration. BAA charged the company £44,000 for Colin Hobbs' services from 1 August 1995 to 31 March 1996. Prior to 1 August 1995 no charge was made.

### **6 Staff numbers**

The average number of persons employed by the company during the year was as follows:

|                                      | <b>1997</b> | <b>1996</b> |
|--------------------------------------|-------------|-------------|
| Management, services and information | <b>87</b>   | <b>86</b>   |

### **7 Taxation**

|                                     | <b>1997</b>     | <b>1995</b>     |
|-------------------------------------|-----------------|-----------------|
|                                     | <b>£</b>        | <b>£</b>        |
| Corporation tax charge for the year |                 |                 |
| @ 24% (1996 - 25%)                  | <b>40,000</b>   | <b>50,000</b>   |
| Prior years' adjustments            | -               | <b>(8,782)</b>  |
|                                     | <b>£ 40,000</b> | <b>£ 41,218</b> |

Corporation tax is payable on interest received and on the trading surplus, as adjusted for tax purposes.

## LONDON TOURIST BOARD LIMITED

## NOTES ON THE ACCOUNTS-31 MARCH 1997

## 8 Tangible fixed assets

| Cost                  | Fixtures<br>fittings &<br>equipment<br>£ | Computers<br>£   | Motor<br>vehicles<br>£ | Leasehold<br>improvements<br>£ | Shop-<br>fittings<br>£ | Total<br>£       |
|-----------------------|--|------------------|------------------------|--------------------------------|------------------------|------------------|
| At 1 April 1996       | 89,989                                   | 298,258          | 12,912                 | 23,754                         | 63,070                 | 487,983          |
| Additions             | 2,699                                    | 29,897           | -                      | -                              | 2,225                  | 34,821           |
| Disposals             | -  | -                | (12,912)               | -                              | -                      | (12,912)         |
| At 31 March 1997      | <u>£ 92,688</u>                          | <u>£ 328,155</u> | <u>£ -</u>             | <u>£ 23,754</u>                | <u>£ 65,295</u>        | <u>£ 509,892</u> |
| <b>Depreciation</b>   | <b>£</b>                                 | <b>£</b>         | <b>£</b>               | <b>£</b>                       | <b>£</b>               | <b>£</b>         |
| At 1 April 1996       | 50,076                                   | 216,531          | 12,912                 | 18,117                         | 55,868                 | 353,504          |
| Charge for year       | 14,655                                   | 63,874           | -                      | 5,637                          | 5,668                  | 89,834           |
| Disposals             | -  | -                | (12,912)               | -                              | -                      | (12,912)         |
| At 31 March 1997      | <u>£ 64,731</u>                          | <u>£ 280,405</u> | <u>£ -</u>             | <u>£ 23,754</u>                | <u>£ 61,536</u>        | <u>£ 430,426</u> |
| <b>Net book value</b> |  |                  |                        |                                |                        |                  |
| At 31 March 1997      | <u>£ 27,957</u>                          | <u>£ 47,750</u>  | <u>£ -</u>             | <u>£ -</u>                     | <u>£ 3,759</u>         | <u>£ 79,466</u>  |
| At 31 March 1996      | <u>£ 39,913</u>                          | <u>£ 81,727</u>  | <u>£ -</u>             | <u>£ 5,637</u>                 | <u>£ 7,202</u>         | <u>£ 134,479</u> |

## 9 Debtors

|                                       | 1997<br>£        | 1996<br>£        |
|---------------------------------------|------------------|------------------|
| Trade debtors                         | 324,485          | 192,669          |
| Interest receivable                   | 7,993            | 8,018            |
| Prepayments and accrued income        | 162,913          | 123,297          |
| Amounts due within one year           | <u>495,391</u>   | <u>323,984</u>   |
| Amounts due after more than one year: |                  |                  |
| Pension scheme prepayment             | 128,100          | 128,100          |
|                                       | <u>£ 623,491</u> | <u>£ 452,084</u> |

# LONDON TOURIST BOARD LIMITED

## NOTES ON THE ACCOUNTS-31 MARCH 1997

### 10 Creditors-amounts falling due within one year

|  | 1997               | 1996               |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Trade creditors  | 291,634            | 354,016            |
| Social security and other taxation                                 | 161,928            | 207,917            |
| Accruals and deferred income                                       | 547,934            | 507,391            |
| Deferred membership subscription income                            | 402,843            | 382,452            |
| Deferred capital grant   | -                  | 3,333              |
| Accrual for obligations under property leases<br>and removal costs | 162,000            | 162,000            |
| Corporation tax  | 49,828             | 50,000             |
|  | <u>£ 1,616,167</u> | <u>£ 1,667,109</u> |

### 11 Financial commitments

The annual commitment under non-cancellable operating leases was as follows:

|                               | Property<br>1997 | Property<br>1996 |
|-------------------------------|------------------|------------------|
|                               | £                | £                |
| Leases expiring:              |                  |                  |
| Under one year's time         | 33,333           | 80,000           |
| Within one to five years time | -                | -                |
| Over five years time          | 109,500          | 109,500          |
|                               | <u>£ 142,833</u> | <u>£ 189,500</u> |

### 12 Pensions

The Board participates in the British Tourist Boards' Staff Pension and Life Assurance Scheme, a defined benefit pension scheme which is funded by the payment of contributions to a separately administered trust fund.

The pension cost of the scheme is determined with the advice of a qualified actuary on the basis of triennial valuations. The most recent valuation was carried out as at 1 April 1995 using the projected accrued benefits method. The main assumptions are as follows:

|                                   |                |
|-----------------------------------|----------------|
| Rate of return on Scheme assets:  | 9% per annum   |
| Salary increases:                 | 6½% per annum  |
| Increases to pensions in payment: | 4.5% per annum |

**LONDON TOURIST BOARD LIMITED****NOTES ON THE ACCOUNTS-31 MARCH 1997****12 Pensions (continued)**

The valuation showed that the market value of the British Tourist Boards' Scheme's assets at 1 April 1995 amounted to £83.4m and the actuarial value of the assets was sufficient to cover 158% of the benefits that had accrued to members, after allowing for the effect of future increases in their earnings. The surplus has been spread forward over the expected service lives of the scheme membership as a variation to the normal contributions.

**13 Related party transactions**

The company has entered in to two groups of transactions with parties with whom board members are connected:

(a) Income includes £489,826 grants from the English Tourist Board in respect of support funding for various programmes in the promotion of London. Of these grants £8,000 is due to the London Tourist Board. Tim Bartlett is a member of the board and the Chief Executive of the English Tourist Board.

(b) Income includes £300,000 from the London Boroughs Grants Committee in respect of support funding for the promotion of London. Kevin Gardner, Serge Lourie and Jane Reeves were nominated members of the board and of the London Boroughs Grants Committee.