

**LONDON TOURIST BOARD LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2001**

**COMPANY REGISTRATION NO 761149**



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## **LONDON TOURIST BOARD LIMITED**

### **Directors' Report**

The Directors present their report for the year ended 31 March 2001

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

The activities of the Company are to promote London as a destination for business and leisure travel, to advocate improvements in the provision of services for visitors and to provide related commercial services.

The Company received a grant of £1.5m from the Department of Culture Media and Sport (DCMS), paid through the British Tourist Authority (BTA), to develop major marketing initiatives for London. This project, Focus London, will continue to form an important part of LTB's activities in 2001/2002 and further funding of £1.46 million has been agreed for this purpose and will be paid through the London Development Agency (LDA) in 2001/02.

A number of projects prioritised for 2001/02 will require significant investment. These include completion and launch of LTB's new website *londontouristboard.com*; projects in respect of the HSBC sponsorship agreement; and the search for and relocation to new premises. LTB is currently recruiting a number of additional staff to provide new expertise to undertake work in these areas. It is expected that a considerable proportion of the retained surplus at 31 March 2001 will be utilised to ensure the successful completion of these projects. At this stage the amount required cannot be quantified.

### **Directors**

The following have been Directors of the Company for the whole of the year unless otherwise indicated:

T M Wickham (Chairman)(Appointed 18 December 2000)

D N Batts (Chairman)(Resigned 18 December 2000)

P E Hopper

J Bamsey

M I Burke

Cllr Raj Chandarana

V Cotton

N Cross (Resigned 23 March 2001)

D E Dear (Resigned 8 September 2000)

Dr M R Edwards (Resigned 30 October 2000)

S Garland (Alternate to J Hamblin)

M P George (Appointed 18 December 2000)

HA Goldsmith CBE

J Hamblin OBE

H R Hutchinson MBE

L Isaacson CBE

Cllr A S.Lourie

M P Lynch (Appointed 30 April 2000)

Cllr H C J Marshall

E Noble (Resigned 1 April 2000)

T Philips OBE (Appointed 18 December 2000)

D M Thomas CBE

D M Turnbull (Appointed 18 December 2000)

In accordance with the Articles of Association, I Burke and V Cotton retire by rotation and, being eligible, offer themselves for re-election.

T Wickham, M P George T Philips and D M Turnbull who have been appointed Directors during the year, retire and, in accordance with the Articles of Association, offer themselves for election.

Nominees of the British Tourist Authority, the English Tourism Council and London Boroughs Grants are not subject to retirement by rotation.

As the number of candidates does not exceed the number of vacancies a ballot will not be necessary.

#### **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 for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then 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 and 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

Glen House  
Stag Place  
Victoria  
London,  
SW1E 5LT

21 June 2001

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

We have audited the accounts of London Tourist Board Limited for the year ended 31 March 2001 on pages [ ] to [11]. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 March 2001 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

Date 24 July 2001

		2001	2000
		£	£
INCOME	3	6,003,068	5,330,330
EXPENDITURE	4	4,981,111	5,272,157
		<hr/>	<hr/>
		1,021,957	58,173
Bank interest receivable		78,694	54,704
		<hr/>	<hr/>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		1,100,651	112,877
Taxation	7	226,000	21,765
RETAINED SURPLUS FOR THE FINANCIAL YEAR	£	<hr/> 874,651 <hr/>	<hr/> 91,112 <hr/>

#### STATEMENT OF RETAINED SURPLUS

At 1 April		574,268	483,156
Retained surplus for the financial year		874,651	91,112
		<hr/>	<hr/>
At 31 March	£	1,448,919	574,268
		<hr/>	<hr/>

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 2001

		2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	37,521	100,415
Investments	9	30,000	30,000
		<u>67,521</u>	<u>130,415</u>
<b>CURRENT ASSETS</b>			
Debtors-amounts due within one year	10	1,059,616	472,287
Debtors-amounts due after more than one year	10	-	120,292
Cash at bank and money market deposits		1,204,936	933,079
		<u>2,264,552</u>	<u>1,525,658</u>
<b>CREDITORS-amounts falling due within one year</b>	11	883,154	1,081,805
<b>NET CURRENT ASSETS</b>		<u>1,381,398</u>	<u>443,853</u>
<b>TOTAL NET ASSETS</b>	£	<u>1,448,919</u>	<u>574,268</u>
<b>CAPITAL AND RESERVES</b>			
Income and expenditure account	£	<u>1,448,919</u>	<u>574,268</u>

### Directors

Teresa Wickham

Serge Lourie

Date: 21 June 2001

*Teresa Wickham*  
*Serge Lourie*

**LONDON TOURIST BOARD LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001**

		2001 £	2000 £
Net cash inflow from operating activities	a	300,566	814,458
Return on investments	b	77,194	50,241
Taxation		(30,862)	(10,660)
Investment	b	-	(30,000)
Capital expenditure	b	(75,041)	(107,099)
		<u>271,857</u>	<u>716,940</u>
Management of liquid resources	b	100,000	(600,000)
Increase/(decrease) in cash at bank	£	<u>371,857</u>	<u>116,940</u>

**NOTES TO THE CASH FLOW STATEMENT**
**a) Reconciliation of operating profit to net cash inflow from operating activities.**

	2001 £	2000 £
Operating surplus	1,021,957	58,173
Depreciation charges	137,936	139,671
(Increase)/Decrease in debtors due within one year	(465,537)	264,899
(Decrease)/Increase in creditors	(393,790)	351,715
Net cash inflow from operating activities	£ <u>300,566</u>	<u>814,458</u>

b) Gross Cash Flows	2001 £	2001 £	2000 £	2000 £
Returns on investment	77,194	-		50,241
Capital expenditure				
Payments to acquire tangible fixed assets	(75,041)	-		(107,099)
	-	-		
Payments to acquire investment fixed assets	-	-		(30,000)
Management of liquid resources				
Money market deposits less than three months	500,000		-	
Money market deposits over three months	-	500,000	600,000	600,000

**ANALYSIS OF CHANGES IN NET FUNDS**

	As at 1 April 2000	Cash flows	At 31 March 2001
Cash at bank	333,079	371,857	704,936
Money market deposits	600,000	(100,000)	500,000
Total	<u>933,079</u>	<u>271,857</u>	<u>1,204,936</u>

## **LONDON TOURIST BOARD LIMITED**

### **1 London Tourist Board Limited**

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 Tourism Council, the British Tourist Authority and London Boroughs Grants.

#### **(c) Membership Income**

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

#### **(d) Other Income**

Income received on contracts is recognised over the period to which it relates.

#### **(e) 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 2 to 5 years
Computer equipment	over 2 years

#### **(f) Investments**

Investments are stated at cost less any provisions for diminution in value

#### **(g) 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.

#### **(h) Deferred Taxation**

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



### 3 INCOME

	2001 £	2000 £
DCMS funding re Focus London (via BTA)	1,500,000	1,500,000
English Tourism Council	427,772	374,137
London Boroughs Grants	252,000	269,000
SRB Grants	106,891	126,023
Membership subscriptions	956,788	851,802
Trading Income (TICs / Sponsorship) a	1,081,250	451,038
General Income	284,536	223,523
Members Schemes Income	360,436	426,233
Joint Venture/Promotions Income	1,033,395	1,108,574
	<u>£ 6,003,068</u>	<u>5,330,330</u>

#### Notes to Income

a) Trading income (2001) relates to income from a HSBC sponsorship agreement plus income from a franchised arrangement with a third party to manage the company's TICs. The latter ended in December 1999, however, the third party continued to run a telephone booking service on the company's behalf until 25 March 2001

### 4 EXPENDITURE

	2001 £	2000 £
Staff costs		
Wages and salaries	1,021,894	1,132,487
Social security costs	85,056	96,379
Temporary staff costs	93,326	36,481
	<u>£ 1,200,276</u>	<u>1,265,347</u>

There were no pension costs in 2000/01 since the pension scheme currently shows a considerable surplus. The company will continue to make no or reduced contributions to the scheme until the surplus reaches an appropriate level

General Promotions Expenditure	£ 258,258	272,454
Members Scheme Expenditure	£ 462,607	481,807
Joint Venture Promotions Expenditure	£ 2,390,844	2,556,974
Operating costs and overheads		
Depreciation	137,936	139,671
Leasehold property rents	68,250	56,000
Auditors' remuneration:		
-Audit fee	10,820	10,850
-Other services	10,107	8,323
Other operating charges	401,016	466,449
Other Staff Costs	40,997	14,283
	<u>£ 669,126</u>	<u>695,576</u>
	<u>£ 4,981,111</u>	<u>5,272,157</u>

# **LONDON TOURIST BOARD LIMITED**

## **NOTES ON THE ACCOUNTS 31 MARCH 2001**

### **5 DIRECTORS' EMOLUMENTS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	91,406	93,125

### **6 STAFF NUMBERS**

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

	<b>2001</b>	<b>2000</b>
	37	38

### **7 TAXATION**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Corporation tax charge for the year at 30% (2000 20%)	220,838	25,100
Prior years' adjustments	5,162	(3,335)
	<u>£ 226,000</u>	<u>21,765</u>

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

### **8 TANGIBLE FIXED ASSETS**

	<b>Fixtures Fittings &amp; Equipment</b>	<b>Computers</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>				
At 1 April 2000	110,573	335,110	165,263	610,946
Additions	-	75,041	-	75,041
Disposals	-	-	-	-
At 31 March 2001	<u>£ 110,573</u>	<u>410,151</u>	<u>165,263</u>	<u>685,987</u>
At 1 April 2000	99,251	281,560	129,720	510,531
Charge for year	11,322	91,070	35,543	137,935
Disposals	-	-	-	-
At 31 March 2001	<u>£ 110,573</u>	<u>372,630</u>	<u>165,263</u>	<u>648,466</u>
<b>NET BOOK VALUE</b>				
At 31 March 2001	<u>£ -</u>	<u>37,521</u>	<u>-</u>	<u>37,521</u>
At 31 March 2000	<u>£ 11,322</u>	<u>53,550</u>	<u>35,543</u>	<u>100,415</u>

# **LONDON TOURIST BOARD LIMITED**

## **NOTES ON THE ACCOUNTS 31 MARCH 2001**

### **9 FIXED ASSETS INVESTMENTS**

	£ 2001	£ 2000
Cost at 1 April 2000	30,000	-
Additions in the year	-	30,000
Cost at 31 March 2001	£ 30,000	30,000

The investment represents a 13% interest in the ordinary share capital of Unicorn Tourism Ltd, registered in England. Unicorn Tourism Ltd is engaged in activities producing benefits for its constituent tourist boards.

### **10 DEBTORS**

	2001 £	2000 £
Trade debtors	617,590	361,846
Interest receivable	11,536	10,036
Prepayments and accrued income	430,490	100,405
Amounts due within one year	1,059,616	472,287
Amounts due after more than one year:		
Pension scheme prepayment	-	120,292
	£ 1,059,616	592,579

### **11 CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £	2000 £
Trade creditors	35,734	54,098
Social security and other taxation	200,600	224,019
Accruals and deferred income	223,769	759,461
Deferred membership subscription income	202,813	19,127
Corporation tax	220,238	25,100
	£ 883,154	1,081,805

### **12 FINANCIAL COMMITMENTS**

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

	Property 2001 £	Property 2000 £
Leases expiring:		
Within one year	78,750	56,000

### 13 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 1998 using the projected unit method. The main assumptions are as follows:

Rate of return on Scheme asset:	9% per annum
Salary increases:	6.5% per annum
Increases to pensions in payment	4.5% per annum

The valuation showed that the market value of the British Tourist Boards' Scheme's assets at 1 April 1998 amounted to £91.4m and the actuarial value of the assets was sufficient to cover 172% 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.

### 14 RELATED PARTY TRANSACTIONS

The company has entered into three groups of transactions with parties with whom board members are connected

(a) Income includes £427,772 (2000 £374,137) grants from the English Tourist Council in respect of support funding for various programmes for tourism development in London. Mary Lynch was a member of the board and Chief Executive of the English Tourism Council

(b) Income includes £252,000 (2000 £269,000) from London Boroughs Grants in respect of support funding for the development of tourism in London. Raj Chandarana, Serge Lourie and Harvey Marshall are members of the board and members of London Boroughs Grants

(c) Income includes payments received from the following companies covering normal commercial activities and contributions to various programmes promoting London.

D.N.Batts, (resigned), Managing Director - Radisson Edwardian Hotels	Promotions
I.Burke, Chief Executive - Thistle Hotels	Promotions
N.Cross (resigned), Marketing Director - Selfridges & Co.	Promotions
D.E.Dear (resigned), General Mgr Marketing Services M. P. George, Director of Marketing British Airways Plc	Promotions
Dr.M.R.Edwards, (resigned), Vice President, Head of Client Management American Express	Promotions
L.Isaacson, Deputy Chairman - Groupe Chez Gerard	Promotions