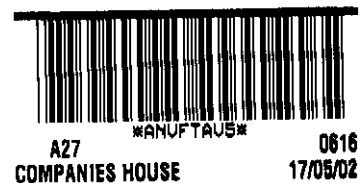


COMPANY NO: 1117511

THE INSTITUTE OF TRAVEL AND TOURISM
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001



Faulkner House
Victoria Street
St Albans
Herts AL1 3SE

RAYNER ESSEX
CHARTERED ACCOUNTANTS

THE INSTITUTE OF TRAVEL AND TOURISM

COMPANY INFORMATION

Board of Director's (Directors)

A Cryer - Appointed 18 October 1999
P Prosper - Re-appointed as Treasurer 18 October 1999,
retired 29 October 2001
T Nutley - Appointed 18 October 1999, retired 29 October 2001
C Dray - Appointed 18 October 1999, retired 29 October 2001
E Harraway - Appointed 18 October 1999, retired 28 February 2001
R Castro - Appointed 18 October 1999,
appointed as Treasurer 29 October 2001,
retired as Treasurer 4 March 2002
V M Sears - Appointed 18 October 1999
B McDonnell - Appointed 18 October 1999, retired 29 October 2001
J Kernaghan - Appointed 18 October 1999, retired 13 November 2001
G Hughes - Appointed Hon President 18 October 1999,
retired 29 October 2001
S Kavanagh - Appointed 9 September 2000
P A Isbell - Appointed 19 September 2000, retired 29 October 2001
P Harris - Appointed 19 September 2000
M Round - Appointed 19 September 2000, retired 29 October 2001
A D Seaman - Appointed 19 September 2000
T Hughes - Appointed 19 September 2000,
retired 17 December 2001
Y Borg - Appointed 29 October 2001
S Freudmann - Appointed as Chairman 29 October 2001
D Brewin - Appointed 29 October 2001
P Hopwood - Appointed 29 October 2001

Secretary

B McDonnell - Appointed 14 March 2000, retired 29 October 2001
A D Seaman - Appointed 29 October 2001

Company Number

1117511

Registered Office

113 Victoria Street
St Albans
Herts
AL1 3TJ

Auditors

Rayner Essex
Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

Solicitors

Field Fisher Waterhouse
41 Vine Street
London
EC3N 2AA

Bankers

NatWest Bank Plc
10 St Peter's Street
St Albans
Herts
AL1 3LY

THE INSTITUTE OF TRAVEL AND TOURISM

CONTENTS

	Page
Board of Director's Report	1 to 3
Chairman's Report	4
Treasurer's Report	5
Auditors' Report	6
Income and Expenditure Account	7
Balance Sheet	8
Notes to the Accounts	9 to 12
<i>Pages not forming part of the Statutory Accounts</i>	
Management Income and Expenditure Account	13 to 15

THE INSTITUTE OF TRAVEL AND TOURISM

BOARD OF DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The Board of Director's, present their report and the financial statements of the company for the year ended 31 December 2001.

Principal Activities

The principal activities and objects of the company are to promote, encourage and develop the education and instruction of persons engaged and wishing to become engaged in the business of travel and tourism, in accordance with clause 3 of its Memorandum of Association.

A summary of the policies adopted in order to further these objects is as follows:

- i) Membership benefits improvements including the development of student opportunities.
- ii) Development and running of courses for companies and individuals working in the industry.
- iii) Furtherance of education with particular reference to changes in travel and tourism.
- iv) Running various events including the highly successful annual conference.
- v) Other policies include increased sponsorship from companies' representations at the World Travel market, improvements to the ITT Journal, regional support and meetings with politicians.

The Institute's legal organisation is as follows:

- a) The company was founded in 1956 and was incorporated on 8th June 1973 as a company limited by guarantee and not having a share capital. The guarantee of each member is limited to £1.
- b) On 8th December 1976 a special resolution was passed, changing the name of the company from "The Institute of Travel Agents Limited" to "The Institute of Travel and Tourism". The Secretary of State has by licence consented to the omission of the word "Limited" from the Institute's name.
- c) On 31st December 1997 the company de-registered as a charity, its principal activity and objects remain the same as stated above.

Review of Business

Both the level of business and the year end financial position were not in accordance with the expectations of the Board of Director's who are implementing measures to increase profitability.

Results and Dividends

The results for the year are set out in the Income and Expenditure Account on page 7.

Since the company has no share capital no dividend can be recommended or paid.

THE INSTITUTE OF TRAVEL AND TOURISM

BOARD OF DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001 (CONTINUED)

The Board of Director's (Directors)

Members of the Board of Director's are appointed by election in accordance with the company's Memorandum and Articles of Association. Members hold office for two years and upon retiring are eligible for re-election. The Board of Director's have power to fill casual vacancies arising during the course of the year and also to appoint a person to hold the office of Treasurer. Any members co-opted during the course of the year resign at the next following AGM but are eligible for re-election.

During the year eleven meetings of the Board of Director's were held and attendance at meetings is shown together with the number of meetings that each member was expected to attend. The discipline represented is also shown.

			Attendance
A Cryer	Tourist Board	Re-elected 18 October 1999	7/11
P Prosper	General	Retired 29 October 2001	4/8
T Nutley	General	Retired 29 October 2001	2/8
C Dray	Airline	Retired 29 October 2001	2/8
E Harraway	Ground Transport	Appointed 18 October 1999 Retired 28 February 2001	1/1
R Castro	General	Appointed 18 October 1999 Appointed Treasurer 29 October 2001 Retired as Treasurer 4 March 2002	2/2 2/2
V M Sears	General	Appointed 18 October 1999 Resigned 31 January 2002	2/11
B McDonnell	Training & Education	Appointed 18 October 1999 Retired 29 October 2001	4/9
J Kernaghan	General	Appointed Chairman 18 October 1999 Retired 13 November 2001	7/9
P Harris	Tour Operator	Appointed 19 September 2000	7/11
T Hughes	Travel Agent	Appointed 19 September 2000 Retired 17 December 2001	5/10
P Isbell	Hospitality	Appointed 19 September 2000 Retired 29 October 2001	6/8
S. Kavanagh	Tourism, Training & Education	Appointed 9 September 2000	9/11
M Round	General	Appointed 19 September 2000 Retired 29 October 2001	6/8
A.D.Seaman	Domestic Tourism	Appointed 19 September 2000	8/11
Y Borg	General	Appointed 29 October 2001	3/3
S Freudmann	Chairman	Appointed as Chairman 29 October 2001	2/2
D Brewin	Airline	Appointed 29 October 2001	1/3
P Hopwood	Hospitality	Appointed 29 October 2001	3/3
G Hughes	General	Appointed Hon President 18 October 1999 Retired 29 October 2001	0/9

THE INSTITUTE OF TRAVEL AND TOURISM

BOARD OF DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001 (CONTINUED)

Board of Director's Responsibilities

Company law requires the Board of Director's to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the surplus or deficit for that year. In preparing these accounts the Board of Director's are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

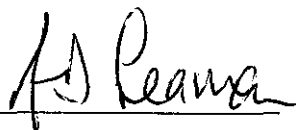
Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Director's are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and 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

A resolution to reappoint Rayner Essex, Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

This report was approved by the Board of Director's on 17 April 2002 and signed on its behalf.



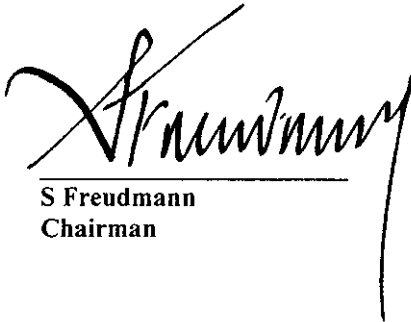
A D Seaman
Company Secretary

THE INSTITUTE OF TRAVEL & TOURISM

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST DECEMBER 2001

2001 was a difficult year for the Institute. I chaired my first Board meeting in November 2001, so I do not intend to dwell on the well publicised problems faced by the ITT during the year. Suffice to say that we have a new Board, a new Company Secretary, and for the time being, I have taken over the role of the Executive Director.

Accumulated losses for the previous two years of £173,104 clearly could not be sustained. Whilst in 2001 those losses were converted into a small operating profit, I anticipate a much healthier profit for the year 2002. Operating costs have been dramatically reduced and some of our activities have been out-sourced on a no risk basis. A new accreditation system which has been developed in partnership with TTC Training and City and Guilds will be announced at the AGM. At the time of writing this report a great deal of effort is being put into our plans for the Galway Conference in June 2002. May I take this opportunity of thanking members for their support and loyalty during a very difficult period for the ITT.



S Freudmann
Chairman

INSTITUTE OF TRAVEL & TOURISM

FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER 2001

The financial results clearly show that the Institute's recovery is taking time. The Institute accumulated large losses during the previous two years and a great deal of effort has been made to ensure that the debts accumulated during that period have been met. A number of creditors have been very patient and we thank them for their co-operation. The level of support from the industry is extremely encouraging. The strategy of the Board since November 2001 has been to reduce costs where possible whilst at the same time maintaining an acceptable level of service to our members. A number of significant initiatives are planned for 2002.



R Castro - Director
On behalf of the Board

AUDITORS' REPORT TO THE

MEMBERS OF THE INSTITUTE OF TRAVEL AND TOURISM

We have audited the accounts on pages 7 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective Responsibilities of Board of Director's and Auditors

As described on page 3 the company's Board of Director's 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 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 Board of Director's 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 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 the information in the accounts.

Going Concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the Financial Statements concerning the appropriateness of the going concern basis. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 2001 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rayner Essex
Chartered Accountants and Registered Auditors

Faulkner House
Victoria Street
St Albans
Hertfordshire
AL1 3SE

Date:

29 April 2002

THE INSTITUTE OF TRAVEL AND TOURISM

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Income	2	384,896	389,454
Administrative Expenses		(378,293)	(491,378)
Operating Surplus/(Deficit)	3	6,603	(101,924)
Interest Receivable		82	1,322
Interest Payable		(2,205)	-
Surplus/(Deficit) on Ordinary Activities before Taxation		4,480	(100,602)
Tax on surplus/(deficit) on ordinary activities	5	-	-
Surplus/(Deficit) for the Financial Year	9	4,480	(100,602)
Retained (Deficit) Brought Forward		(133,833)	(33,231)
Retained (Deficit) Carried Forward		(129,353)	(133,833)

CONTINUING ACTIVITIES

All amounts relate to continuing activities.

RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses for 2001 or 2000 other than those included in the income and expenditure account.

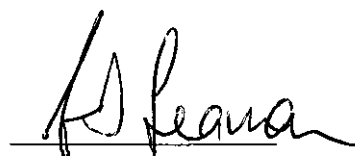
THE INSTITUTE OF TRAVEL AND TOURISM

BALANCE SHEET

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	£	2001 £	£	2000 £
Fixed Assets					
Tangible assets	6		13,161		11,698
Current Assets					
Debtors	7	28,491		37,122	
Cash at bank and in hand		1,081		3,210	
		<u>29,572</u>		<u>40,332</u>	
Creditors: Amounts Falling Due Within One Year	8	<u>(172,086)</u>		<u>(185,863)</u>	
Net Current Assets/(Liabilities)			<u>(142,514)</u>		<u>(145,531)</u>
Total Assets Less Current Liabilities			<u>(129,353)</u>		<u>(133,833)</u>
Capital and Reserves					
Revenue reserve	9		<u>(129,353)</u>		<u>(133,833)</u>
			<u>(129,353)</u>		<u>(133,833)</u>

These accounts were approved by the Board on 17 April 2002 and signed on its behalf.


A D Seaman
Director


S Freudmann
Director

THE INSTITUTE OF TRAVEL AND TOURISM

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

Going Concern

The Board of Directors have drawn up budgets and forecasts which indicate that the company should be able to meet obligations when they become due and operate successfully in the future with a view to reducing the deficit on Revenue Reserve. Accordingly, the Board of Directors consider that the Financial Statements should be prepared on a going concern basis.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

Fixtures and fittings	25% reducing balance
-----------------------	----------------------

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased Assets

Payments made under leases regarded as operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2. Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

Subscription Income

Subscription income represents cash received during 2001 in respect of amounts due to 31st December 2001. No credit has been taken for subscriptions due for 2001 but remaining unpaid at 31st December 2001. Subscriptions received for the year ending 31st December 2002 have been carried forward.

Corporate Membership is based on an annual rather than a calendar year basis. Corporate subscriptions are credited on a pro rata basis.

THE INSTITUTE OF TRAVEL AND TOURISM

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

3 Operating Surplus/(Deficit)

The operating surplus/(deficit) is arrived at after charging or crediting:	2001	2000
	£	£
Depreciation of owned assets	3,846	2,742
Hire of equipment	6,906	7,610
Auditors' remuneration	3,000	3,000
Exceptional item	25,280	18,856
Operating lease – land and building	24,000	24,000

The exceptional item relates to unsubstantiated expenditure incurred during the year.

4 Directors and Employees

Staff costs including directors emoluments were as follows:

	2001	2000
	£	£
Wages and salaries (full and part-time)	119,739	135,604
Social security costs	7,012	12,581
Other pension costs	-	1,592
Ex gratia payment	400	125
	<u>£127,151</u>	<u>£149,902</u>

The average monthly number of employees during the year was as follows:

	2001	2000
	Number	Number
Administration	5	6
	<u>5</u>	<u>6</u>
Directors emoluments		
	2001	2000
Aggregate emoluments	<u>£5,250</u>	<u>-</u>

5 Taxation

No tax charge has been included in the accounts due to the availability of trading losses brought forward.

THE INSTITUTE OF TRAVEL AND TOURISM

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

6 Tangible Fixed Assets

	Fixtures and Fittings £
Cost	
At 1st January 2001	15,905
Additions	5,309
	<hr/>
At 31st December 2001	21,214
	<hr/>
Depreciation	
At 1st January 2001	4,207
Charge for the year	3,846
	<hr/>
At 31st December 2001	8,053
	<hr/>
Net Book Value	
At 31st December 2001	£13,161
	<hr/>
At 31st December 2000	£11,698
	<hr/>

7 Debtors

	2001 £	2000 £
Trade debtors	17,058	26,094
Corporation tax recoverable	-	1,600
VAT recoverable	3,062	-
Prepayments and accrued income	8,371	9,428
	<hr/>	<hr/>
	£28,491	£37,122
	<hr/>	<hr/>

8 Creditors: Amounts Falling Due within One Year

	2001 £	2000 £
Trade creditors	132,748	84,483
Other taxes and social security	1,501	13,554
Deferred income	11,173	56,227
Accruals	26,664	31,599
	<hr/>	<hr/>
	£172,086	£185,863
	<hr/>	<hr/>

THE INSTITUTE OF TRAVEL AND TOURISM

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

9 Reserves

	Revenue Reserve £
At 1st January 2000	(33,231)
Deficit for the year	(100,602)
At 1 January 2001	(133,833)
Surplus for the year	4,480
At 31st December 2001	<u>£(129,353)</u>

10 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund, independent from those of the company.

The total contributions paid in the year amounted to £nil (2000 £1,592).

11 Operating Lease Commitments

At 31st December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001 £	Land and Buildings 2000 £	2001 £	Other 2000 £
Operating leases which expire:				
Less than 1 year	-	-	1,812	1,812
Between 1-2 years	-	-	5,852	-
Between two and five years	-	-	-	5,852
After five years	24,000	24,000	-	-
	<u>£24,000</u>	<u>£24,000</u>	<u>£7,664</u>	<u>£7,664</u>

12 Related Parties

Peter Prosper, a Director and shareholder of Studioprint (2000) Limited, supplied services to the value of £5,847 during the year (2000 £24,364). Peter Prosper retired as a director of The Institute of Travel & Tourism on 29 October 2001.