

COMPANY NO: 1117511

THE INSTITUTE OF TRAVEL AND TOURISM
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2002



Faulkner House
Victoria Street
St Albans
Herts AL1 3SE

RAYNER ESSEX
CHARTERED ACCOUNTANTS

THE INSTITUTE OF TRAVEL AND TOURISM

COMPANY INFORMATION

| | | |
|---------------------------|--|--|
| Board of Directors | A Cryer | - Appointed 18 October 1999 |
| | R Castro | - Appointed Treasurer 29 October 2001, retired as treasurer 4 March 2002, retired 9 May 2002 |
| | V M Sears | - Appointed 18 October 1999, retired 31 January 2002 |
| | S Kavanagh | - Appointed 9 September 2000 |
| | P Harris | - Appointed 19 September 2000 |
| | A D Seaman | - Appointed 19 September 2000, retired 9 May 2002 |
| | 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 |
| | W F Sandral | - Appointed 9 May 2002 |
| | R G English | - Appointed 9 May 2002 |
| | B M Cooke | - Appointed 9 May 2002 |
| | P K-M Chong | - Appointed 9 May 2002, retired 10 February 2003 |
| | R J White | - Appointed 9 May 2002 |
| | L Smith | - Appointed 21 May 2002 |
| | C J Woodbridge-Cox | - Appointed 21 May 2002 |
| Secretary | A D Seaman | - Appointed 29 October 2001, retired 9 May 2002 |
| | Y Borg | - Appointed 9 May 2002 |
| Company Number | 1117511 | |
| Registered Office | Mill Studio Crane Mead Ware Hertfordshire SG12 9PY | |
| 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

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THE INSTITUTE OF TRAVEL AND TOURISM

BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2002

The Board of Directors, present their report and the financial statements of the company for the year ended 31 December 2002.

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.
- ii) Furtherance of education with particular reference to changes in travel and tourism.
- iii) Running various events including the highly successful annual conference.
- iv) Other policies include increased sponsorship and participation from Corporate Partners.
- v) Introduction of the newsletter "BullITTin".
- vi) Development of a Continuous Professional Development framework.

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

2002 proved to be a very successful year for the Institute. The financial position at the end of the year was in line with the Board's expectations.

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 DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2002 (CONTINUED)

The Board of Directors

Members of the Board of Directors 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 Directors 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 twelve meetings of the Board of Directors 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 | 6/12 |
| R Castro | General | Appointed 18 October 1999 Appointed Treasurer 29 October 2001 Retired as Treasurer 4 March 2002 Retired 9 May 2002 | 5/5 |
| V M Sears | General | Appointed 18 October 1999 Retired 31 January 2002 | 1/2 |
| P Harris | Tour Operator | Appointed 19 September 2000 | 7/12 |
| S. Kavanagh | Tourism, Training & Education | Appointed 9 September 2000 | 8/12 |
| A.D.Seaman | Domestic Tourism | Appointed 19 September 2000 Retired 9 May 2002 | 3/5 |
| Y Borg | General | Appointed 29 October 2001 | 10/12 |
| S Freudmann | Chairman | Appointed as Chairman 29 October 2001 | 12/12 |
| D Brewin | Airline | Appointed 29 October 2001 | 9/12 |
| P Hopwood | Hospitality | Appointed 29 October 2001 | 9/12 |
| W F Sandral | Tour Operator | Appointed 9 May 2002 | 4/8 |
| R G English | General | Appointed 9 May 2002 | 5/8 |
| L Smith | Ground Transportation | Appointed 9 May 2002 | 3/6 |
| B M Cooke | General | Appointed 9 May 2002 | 8/8 |
| P K-M Chong | General | Appointed 9 May 2002 Retired 10 February 2003 | 6/8 |
| R J White | General | Appointed 9 May 2002 | 3/6 |
| C J Woodbridge-Cox | General | Appointed 21 May 2002 | 4/6 |

THE INSTITUTE OF TRAVEL AND TOURISM

BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2002 (CONTINUED)

Board of Directors' Responsibilities

Company law requires the Board of Directors 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 Directors are required to:

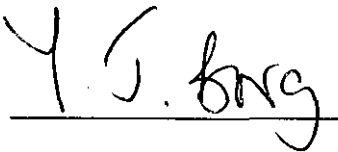
Select suitable accounting policies and then apply them consistently;

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 Directors 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.

This report was approved by the Board of Directors on 29 May 2003 and signed on its behalf.



Y Borg
Company Secretary

THE INSTITUTE OF TRAVEL & TOURISM

CHAIRMAN'S REPORT AND FINANCIAL SUMMARY

FOR THE YEAR ENDED 31ST DECEMBER 2002

The process of renewing the Company continued throughout 2002. The accumulated losses that the current Board inherited could not be sustained so the cost of running the Company was dramatically reduced. This resulted in a healthy profit for the year, enabling us to significantly reduce the inherited deficit on the balance sheet.

In September we surrendered our lease in St Albans and moved to superb new offices in Ware. The move will save the Company over £30,000 a year. We also engaged the services of CoPlus to manage our events and our membership database.

Despite all the cost cutting that took place during the year, services and benefits to members improved. A Newsletter, the BullITTin was introduced, along with more regular communication with members. The membership database was totally overhauled with members being asked to supply their e-mail addresses in order to enable even better communication.

A great deal of work went into developing a framework for Continuous Professional Development. The results of this development work will be published in 2003, along with a brand new programme of training seminars. The costs of the CPD development were borne by the Welsh Assembly.

Our programme of events went from strength to strength. The Annual Conference which was held in Galway was a huge success both in terms of attendance and profitability, with Michael Portillo MP topping the bill. Stelios Haj Iannou of Easyjet was presented with the prestigious annual Odyssey Award at No. 1 Whitehall Place.

Finally and most importantly, we were again supported by our Corporate Partners, Times Newspapers and Stena Line. They were joined during the year by My Travel and TUI UK.



S Freudmann
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF TRAVEL AND TOURISM

We have audited the accounts on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Board of Directors and Auditors

As described on page 3 the company's Board of 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 financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report, chairman's report and financial summary 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 Board of 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.

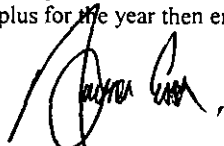
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement whether caused by fraud or other irregularity or error. 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 2002 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: 30 May 2003

THE INSTITUTE OF TRAVEL AND TOURISM
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|---|-------|-----------|-----------|
| Income | 2 | 301,683 | 506,671 |
| Administrative Expenses | | (237,149) | (500,068) |
| Operating Surplus/(Deficit) | 3 | 64,534 | 6,603 |
| Interest Receivable | | - | 82 |
| Interest Payable | | (10) | (2,205) |
| Surplus/(Deficit) on Ordinary Activities before Taxation | | 64,524 | 4,480 |
| Tax on surplus/(deficit) on ordinary activities | 5 | - | - |
| Surplus/(Deficit) for the Financial Year | 9 | 64,524 | 4,480 |
| Retained (Deficit) Brought Forward | | (129,353) | (133,833) |
| Retained (Deficit) Carried Forward | | (64,829) | (129,353) |

CONTINUING ACTIVITIES

All amounts relate to continuing activities.

RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses for 2002 or 2001 other than those included in the income and expenditure account.

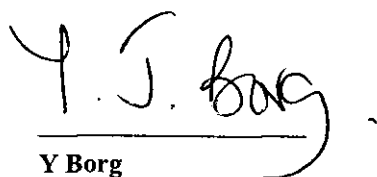
THE INSTITUTE OF TRAVEL AND TOURISM

BALANCE SHEET

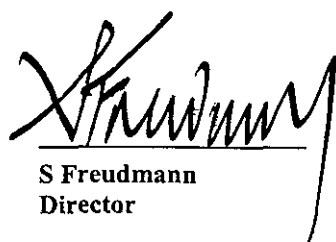
FOR THE YEAR ENDED 31ST DECEMBER 2002

| | Notes | £ | 2002 £ | £ | 2001 £ |
|---|-------|--------------|-----------------|---------------|------------------|
| Fixed Assets | | | | | |
| Tangible assets | 6 | | 9,848 | | 13,161 |
| Current Assets | | | | | |
| Debtors | 7 | 7,643 | | 28,491 | |
| Cash at bank and in hand | | 824 | | 1,081 | |
| | | <u>8,467</u> | | <u>29,572</u> | |
| Creditors: Amounts Falling Due Within One Year | 8 | (83,144) | | (172,086) | |
| Net Current Assets/(Liabilities) | | | <u>(74,677)</u> | | <u>(142,514)</u> |
| Total Assets Less Current Liabilities | | | <u>(64,829)</u> | | <u>(129,353)</u> |
| Capital and Reserves | | | | | |
| Revenue reserve | 9 | | <u>(64,829)</u> | | <u>(129,353)</u> |
| | | | <u>(64,829)</u> | | <u>(129,353)</u> |

These accounts were approved by the Board on 29 May 2003 and signed on its behalf.



Y Borg
Director



S Freudmann
Director

THE INSTITUTE OF TRAVEL AND TOURISM

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2002

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 |
|-----------------------|----------------------|

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 2002 in respect of amounts due to 31st December 2002. No credit has been taken for subscriptions due for 2002 but remaining unpaid at 31st December 2002. Subscriptions received for the year ending 31st December 2003 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 2002

3 Operating Surplus/(Deficit)

| The operating surplus/(deficit) is arrived at after charging or crediting: | 2002 | 2001 |
|--|-------------------|-------------------|
| | £ | £ |
| Depreciation of owned assets | 3,171 | 3,846 |
| Hire of equipment | 7,860 | 6,906 |
| Auditors' remuneration | 3,500 | 3,000 |
| Exceptional item | - | 25,280 |
| Operating lease – land and building | 18,000 | 24,000 |
| | <u> </u> | <u> </u> |

The exceptional item in 2001 related to unsubstantiated expenditure incurred during that year.

4 Directors and Employees

Staff costs including directors emoluments were as follows:

| | 2002 | 2001 |
|---|-------------------|-------------------|
| | £ | £ |
| Wages and salaries (full and part-time) | 45,529 | 119,739 |
| Social security costs | 4,537 | 7,012 |
| Ex gratia payment | - | 400 |
| | <u> </u> | <u> </u> |
| | £50,066 | £127,151 |
| | <u> </u> | <u> </u> |

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

| | 2002 | 2001 |
|-----------------------------|-------------------|-------------------|
| | Number | Number |
| Administration | 2 | 5 |
| | <u> </u> | <u> </u> |
| | 2 | 5 |
| | <u> </u> | <u> </u> |
| Directors emoluments | | |
| | 2002 | 2001 |
| Aggregate emoluments | £25,500 | £5,250 |
| | <u> </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 2002

6 Tangible Fixed Assets

| | Fixtures and Fittings £ |
|-----------------------|--|
| Cost | |
| At 1st January 2002 | 21,214 |
| Additions | 500 |
| Disposals | (1,496) |
| At 31st December 2002 | <u>20,218</u> |
| Depreciation | |
| At 1st January 2002 | 8,053 |
| Charge for the year | 3,171 |
| Disposal | (854) |
| At 31st December 2002 | <u>10,370</u> |
| Net Book Value | |
| At 31st December 2002 | <u>£9,848</u> |
| At 31st December 2001 | <u>£13,161</u> |

7 Debtors

| | 2002 £ | 2001 £ |
|--------------------------------|-------------------|-------------------|
| Trade debtors | 4,355 | 17,058 |
| Corporation tax recoverable | - | - |
| VAT recoverable | - | 3,062 |
| Prepayments and accrued income | 236 | 8,371 |
| Other debtors | 3,052 | - |
| | <u>£7,643</u> | <u>£28,491</u> |

8 Creditors: Amounts Falling Due within One Year

| | 2002 £ | 2001 £ |
|---------------------------------|-------------------|-------------------|
| Trade creditors | 39,569 | 132,748 |
| Other taxes and social security | 8,052 | 1,501 |
| Deferred income | 26,220 | 11,173 |
| Accruals | 7,670 | 26,664 |
| Other creditors | 1,633 | - |
| | <u>£83,144</u> | <u>£172,086</u> |

THE INSTITUTE OF TRAVEL AND TOURISM

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2002

9 Reserves

| | Revenue Reserve £ |
|-----------------------|----------------------|
| At 1st January 2001 | (133,833) |
| Surplus for the year | 4,480 |
| At 1 January 2002 | (129,353) |
| Surplus for the year | 64,524 |
| At 31st December 2002 | (64,829) |

10 Operating Lease Commitments

At 31st December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

| | 2002 £ | Land and Buildings 2001 £ | 2002 £ | Other 2001 £ |
|--------------------------------|-----------|---------------------------------|-----------|--------------------|
| Operating leases which expire: | | | | |
| Less than 1 year | - | - | 5,852 | 1,812 |
| Between 1-2 years | - | - | - | 5,852 |
| Between two and five years | - | - | - | - |
| After five years | - | 24,000 | - | - |
| | £- | £24,000 | £5,852 | £7,664 |

THE INSTITUTE OF TRAVEL AND TOURISM
MANAGEMENT INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002

| | | 2002 | | 2001 |
|------------------------------------|----------|----------------------|---------------|---------------------|
| | £ | £ | £ | £ |
| Income | | | | |
| Subscription income | | 125,798 | | 186,469 |
| Other income | | 175,885 | | 320,202 |
| | | <u>301,683</u> | | <u>506,671</u> |
| Expenses | | | | |
| Direct expenditure | 114,490 | | 204,423 | |
| General expenses | 122,659 | | 280,312 | |
| Promotional and marketing | <u>-</u> | | <u>15,333</u> | |
| | | (237,149) | | (500,068) |
| Surplus Before Interest | | 64,534 | | 6,603 |
| Interest Receivable | | | | |
| Bank deposit interest | - | | 22 | |
| Interest on corporation tax | <u>-</u> | | <u>60</u> | |
| | | | | 82 |
| Interest Payable | | (10) | | (2,205) |
| Surplus for the Year | | <u><u>64,524</u></u> | | <u><u>4,480</u></u> |

THE INSTITUTE OF TRAVEL AND TOURISM
MANAGEMENT INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002

SUBSCRIPTIONS INCOME

| | 2002 | 2001 |
|--------------------|----------------|----------------|
| | £ | £ |
| Individual members | 90,310 | 123,986 |
| Corporate members | 35,488 | 62,378 |
| | <u>125,798</u> | <u>186,364</u> |

OTHER INCOME

| | 2002 | 2001 |
|----------------------------------|----------------|----------------|
| | £ | £ |
| Members' entrance fees | 175 | 600 |
| Student membership fees | 45 | 1,053 |
| Membership certificates | 96 | 413 |
| Career information sales | 39 | (1,567) |
| Sales of ties and badges | - | 18 |
| Seminars and events | 49,731 | 153,338 |
| Institute BullITTin and Yearbook | 15,928 | 2,990 |
| Conference – Overseas | 106,872 | 163,357 |
| Commission received | 2,954 | - |
| Miscellaneous income | 45 | - |
| | <u>175,885</u> | <u>320,202</u> |

The student membership fees represent cash received during 2002 in respect of its academic year ended in the summer of 2002.

THE INSTITUTE OF TRAVEL AND TOURISM

MANAGEMENT INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

EXPENSES

a) Direct Expenditure

| | 2002 | 2001 |
|----------------------------------|----------------|----------------|
| | £ | £ |
| Seminars and events | 22,970 | 79,658 |
| Conference costs | 75,592 | 121,775 |
| Institute BullITTin and Yearbook | 15,928 | 2,990 |
| | <u>114,490</u> | <u>204,423</u> |

b) General

| | 2002 | 2001 |
|--|----------------|----------------|
| | £ | £ |
| Director's remuneration | 25,500 | 5,250 |
| Salaries (full and part-time) | 24,566 | 121,901 |
| Staff training and recruitment | (665) | 1,461 |
| Rent, rates and services | 25,609 | 35,776 |
| Insurance | 3,355 | 4,971 |
| Printing and stationery | 3,097 | 7,806 |
| Postage and telephone | 4,266 | 13,659 |
| Hire and maintenance of office equipment | 4,024 | 3,074 |
| Motor vehicle lease costs | 3,836 | 3,832 |
| Motor vehicle and parking costs | 2,616 | 4,083 |
| Computer maintenance | 2,571 | 4,223 |
| Professional fees | 1,417 | 890 |
| Accountancy | 9,660 | 23,993 |
| Auditors' remuneration | 3,500 | 3,000 |
| Bank and credit card charges | 1,494 | 3,525 |
| Miscellaneous office expenses | 902 | 4,163 |
| Repairs and maintenance | 173 | 1,247 |
| AGM/EGM expenses | 2,924 | 8,332 |
| Depreciation | 3,171 | 3,846 |
| Unsubstantiated expenditure incurred during the year | - | 25,280 |
| Loss on disposal of fixed assets | 643 | - |
| | <u>122,659</u> | <u>280,312</u> |

c) Promotional/Marketing

| | 2002 | 2001 |
|---------------------|----------|---------------|
| | £ | £ |
| General | - | 14,801 |
| World travel market | - | 532 |
| | <u>-</u> | <u>15,333</u> |