

on budget

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Foreword to the Accounts

for the year ended 31 March 2002

Statutory Background

The Scottish Tourist Board was established under the Development of Tourism Act 1969. The Board's principal functions under the 1969 Act are to encourage British people to take holidays in Scotland, to encourage the provision and improvement of tourist facilities and amenities in Scotland, and to advise Government and public bodies on matters relating to tourism in Scotland. The Tourism (Overseas Promotion) (Scotland) Act 1984 provides the authority for the Board to market Scotland overseas. The Scottish Tourist Board now trades under the name of VisitScotland.

Format of Accounts

The accounts and supplementary notes have been prepared in accordance with directions made by the Scottish Ministers in accordance with Section 6(1) of the Development of Tourism Act 1969. The most recent accounts direction is appended to the accounts.

Sources of Finance

During the year to 31 March 2002 the Board was mainly financed by the Scottish Ministers through the Scottish Executive Enterprise and Lifelong Learning Department. Provision is made in the supply estimates for Grant-in-Aid to the Board, covering some 94% of its planned current activities. Notwithstanding this, the Board makes every effort to maximise its income from other sources, principally commercial activities and joint ventures with the trade, public and private sector interests.

Results

The Board's Income and Expenditure Account for the year showed a surplus of £1,145,000 (last year surplus £1,049,000). An explanation for the surplus is included in the Review of Activities below.

The Board received £40,659,000 Grant-in-Aid from the Scottish Executive this year (last year £25,609,000). This figure includes £40,483,000 Grant-in-Aid, and capital grant of £176,000 received as deferred income (last year £408,000).

The Income and Expenditure relating to revenue-earning activities is fully detailed in note 4 of the accounts. During the year the level of assistance given by way of general purpose grants to Area Tourist Boards was £3,494,000 (last year £3,494,000).

Capital expenditure for the year to 31 March 2002 amounted to £176,000 (last year £408,000). This was expended principally on computer equipment and software for the Board including visitscotland.com, the Board's e-business initiative.

At 31 March 2002 the Balance Sheet shows cash at bank and in-hand of £5,340,000, net current assets of £2,275,000, and total net assets of £2,620,000. The relatively high level of cash at bank this year is due to the large value of invoices received in April 2002 relating primarily to marketing activity during the Spring campaign in March.

Payment of Creditors

The Board operates a prompt payment policy in line with the Better Payment Practice Code issued by the Better Payment Practice Group. The target for payment of invoices to creditors is within 30 days, and the Board achieved a success rate of 95% during the year.

Review of Activities

Following the outbreak of Foot and Mouth disease in Scotland in March 2001 the Board received additional funding during the year to assist with the recovery of the industry. Of the total of £11,900,000 additional Foot and Mouth funding, £10,510,000 was used in additional marketing activity, £850,000 was paid to Dumfries and Galloway Tourist Board, and £240,000 to the Scottish Borders Tourist Board. A further £300,000 was invested in tourism related environmental initiatives in these areas.

The restructuring recommended by the PricewaterhouseCoopers management review last year is nearing completion, with a new management team in place. The main cost associated with this process is the sum of £919,000 paid out in compensation to staff made redundant.

During the year the Board continued to invest in developing the major information technology initiative, visitscotland.com (previously known as Project Ossian), for the tourism industry. The total expenditure on visitscotland.com during the year was £1,528,000 including development, equipment and staff costs. A public private partnership joint venture company to promote and develop e-Business was established in May 2002.

As completion of the joint venture fell after the financial year end, the additional grant received for the Board's investment in the new company during the year of £1,250,000 will be carried forward to the new financial year. The surplus in the Board's Income and Expenditure Account of £1,145,000 relates mainly to this carry forward.

Board Members

Board Members who served during the year were:

Peter Lederer OBE (appointed Chairman 2 April 2001)

Donald Anderson

Pat Buchanan

Michael Cantlay

Donal Dowds

Brian Houston (appointed 12 June 2001)

Sheena Kitchin

Employee Involvement

The Scottish Tourist Board works in partnership with staff and the Public and Commercial Services Union. Regular formal and informal meetings take place on matters of mutual interest.

The Board is committed to the continued development of equal opportunities, and prohibits any discrimination over gender, race or national origin, religious belief, sexual orientation, disability or age. We take a proactive approach towards the recruitment, induction, training and development of employees.

Opportunities for employment, development and progression are based solely on ability, qualifications, skills and experience.

Auditors

The accounts of the Board are audited by an auditor appointed by the Auditor General for Scotland in accordance with Section 6(4) of the Development of Tourism Act 1969.

Philip Riddle

Chief Executive

Scottish Tourist Board

21 June 2002

Statement of Board's and Chief Executive's Responsibilities

Under section 6(1) of the Development of Tourism Act 1969 the Scottish Tourist Board is required to prepare a statement of accounts in the form and on the basis determined by the Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Board are required to:

- 1 observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- 2 make judgements and estimates on a reasonable basis;
- 3 state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- 4 prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accountable Officer for the Scottish Executive Enterprise and Lifelong Learning Department has designated the Board's Chief Executive as the Accountable Officer for the Scottish Tourist Board. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accountable Officer Memorandum and published in Government Accounting.

Statement on Internal Control

As Accountable Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of Scottish Tourist Board policies, aims and objectives, set in conjunction with the Scottish Executive, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Scottish Tourist Board policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to have the necessary procedures in place by March 2003 to implement Scottish Executive guidance in full. This takes account of the time needed to fully embed the processes which the Board has agreed should be established and improve their robustness.

We have held a risk management workshop, attended by representatives of all departments within the Scottish Tourist Board, during which we identified and prioritised the key risks facing the Board, and identified key actions to alleviate each of the significant risks. As a result of this workshop each risk will be assigned to a person or group, and risk controls will be identified or formulated.

Risk management and internal control will be reported to the Board on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 March 2003. Risk management is being incorporated more fully into the corporate planning and decision making processes of the department.

The Board receives periodic reports from the Chairman of the Audit Committee concerning internal control and managers will be required to make regular reports on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects.

In addition to the actions mentioned above, in the coming year the Board plans to:

- identify and keep up to date the record of risks facing the organisation;
- establish a system of key performance and risk indicators;
- develop and maintain an organisation-wide risk register.

Scottish Tourist Board has an internal audit function, which operates to standards defined in the Government Internal Audit Manual. Internal auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement.

Internal auditors are appointed following a competitive tendering process. The internal audit contract expired on 31 March 2001. New internal auditors for the period from 2001-2002 to 2003-2004 were appointed in January 2002, although their testing covered the full year from April 2001 to March 2002.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Board who have responsibility for the development and maintenance of the internal control framework. I also take into account comments made by the external auditors in their management letter and other reports.

Philip Riddle

Chief Executive
Scottish Tourist Board
21 June 2002

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Income and Expenditure Account

for the year ended 31 March 2002

	Notes	£000	Previous Year £000
Income			
HM Government – Grant-in-Aid	2	40,483	25,201
Amortisation of capital grant	16	456	442
Income from revenue-earning activities	4	2,918	4,213
Other income	5	290	296
		44,147	30,152
Expenditure			
Staff costs	3	6,585	5,176
Expenditure on revenue-earning activities	4	20,790	12,967
Other operating costs	6	6,975	5,501
Area Tourist Boards	7	8,766	5,529
		43,116	29,173
Operating surplus on ordinary activities before taxation	8	1,031	979
Corporation tax	19	(27)	(14)
		1,004	965
Add back notional cost of capital charged under other operating costs		141	84
Surplus for the year	20	1,145	1,049

Statement of Total Recognised Gains and Losses

	Notes	£000	Previous Year £000
Surplus for the year		1,145	1,049
Arising on revaluation	24	4	39
		1,149	1,088

The notes on pages 34 to 45 form part of these accounts.

Balance Sheet

at 31 March 2002

	Notes	£000	Previous Year £000
Fixed Assets			
Tangible assets	9	564	899
Current Assets			
Secured loans	10	-	4
Stocks	11	136	136
Debtors	12	2,120	4,315
Cash at bank and in hand		5,340	46
		7,596	4,501
Creditors			
Amounts falling due within one year	13	(5,321)	(3,530)
Net Current Assets		2,275	971
Total Assets Less Current Liabilities		2,839	1,870
Creditors			
Amounts falling due after one year	15	(219)	(399)
		2,620	1,471
Financed by			
Income and Expenditure Account	20	2,577	1,432
Revaluation Reserve	24	43	39
		2,620	1,471

Philip Riddle

Chief Executive

Scottish Tourist Board

21 June 2002

The notes on pages 34 to 45 form part of these accounts.

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Cash Flow Statement

for the year ended 31 March 2002

	£000	Previous Year £000
Net cash inflow/(outflow) from operating activities	5,177	(48)
Returns on investments and servicing of finance		
Interest received	131	73
Taxation		
Corporation tax paid	(14)	(10)
Capital expenditure and financial investment		
Repayment of secured loans	-	8
Payments to acquire tangible fixed assets	(176)	(408)
Receipts from sale of tangible fixed assets	-	-
	(176)	(400)
Financing		
Repayment of long term loans	-	(8)
Government grants received	176	408
	176	400
Increase in cash	5,294	15

Notes to the Cash Flow Statement

	£000	Previous Year £000
a) Reconciliation of operating profit to net cash outflow from operating activities		
Operating surplus	1,031	979
Amortisation of government grants	(456)	(442)
Notional cost of capital charge	141	84
Depreciation	516	448
Loss on disposal of fixed assets	-	3
Decrease in stock	-	10
Decrease/(Increase) in debtors	2,195	(1,376)
Increase in creditors	1,881	319
Interest received	(131)	(73)
	5,177	(48)

b) Reconciliation of net cash flow to movement in net debt

	£000	£000
Increase in cash in the year	5,294	
Write-off of secured loans	4	
Change in net debt		5,298
Net debt at 1 April 2001		42
Net debt at 31 March 2002		5,340

c) Analysis of changes in net debt

	At 1 April 2001 £000	Cash Flows £000	At 31 March 2002 £000
Cash at bank and in hand	46	5,294	5,340
Secured loans	(4)	4	-
	42	5,298	5,340

Notes to the Accounts

for the year ended 31 March 2002

1 Accounting Policies

The main accounting policies of the Board have remained unchanged from the previous year and are set out below.

Accounting Convention

The accounts are prepared under the historical cost convention, modified by the inclusion of:

- a) fixed assets at their value to the business by reference to current costs; and
- b) stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value,

and on an accruals basis. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate.

Fixed Assets and Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fixtures and fittings	– over 10 years
Non-PC office equipment purchase	– over 6 years
PC equipment purchase	– over 4 years

Fixed assets are valued for current cost using indices provided by the Office for National Statistics.

Government Grants

Grants received from HM Government by way of cash Grant-in-Aid for operating purposes are credited to income in the year to which they relate.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Government grants for assistance to tourism projects under Section 4 of the Development of Tourism Act 1969 ceased in June 1993.

Stocks

Stocks of saleable publications and promotional items are stated at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

Net realisable value is based on estimated selling price less further costs expected to be incurred on disposal.

Historical cost includes costs incurred in bringing each product to its present location and condition, on a first-in, first-out basis.

Costs incurred in producing free issue brochures and obtaining promotional items for which no selling price is charged are written off to the Income and Expenditure Account in the year of purchase.

Foreign Currencies

Assets and liabilities denominated in foreign currencies have been translated into Sterling values at the rate of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction.

All exchange differences are taken to the Income and Expenditure Account.

Loans and Interest Thereon

In the Balance Sheet, loans made under Section 4 of the Development of Tourism Act 1969 in support of tourist projects are shown as 'Secured loans'.

Interest on loans is refundable to HM Government as and when received.

Recoverable Grants

It is the policy of the Board to recover grants to tourist projects made under Section 4 of the Development of Tourism Act 1969 where the conditions attaching thereto have been breached and no acceptable alternative conditions can be implemented.

Recoverable grants are refundable to HM Government as and when received, therefore no provision is required against any recoverable grants which are considered doubtful.

Leases

All leases are regarded as operating leases and the total payments made under them are charged to the Income and Expenditure Account on a straight line basis over the lease terms.

Income and Expenditure Account

All income and expenditure relates to the Board's continuing activities. There have been no acquisitions or discontinued activities during the year.

Pensions

The Board participates in the British Tourist Boards' pension scheme which is a defined benefit scheme. Pension fund liabilities are assessed by independent professionally qualified actuaries at triennial valuations. In accordance with the requirements of Statement of Standard Accounting Practice No 24 pension costs are charged against the Income and Expenditure Account using actuarial valuation methods intended to spread the pension cost evenly over the average service lives of the current employees in the scheme.

In accordance with Financial Reporting Standard 17, appropriate disclosures have been made in respect of pension scheme assets and liabilities.

Notional Costs

Notional Cost of Capital has been calculated at 6% of the average of total assets less current liabilities during the year as required by Scottish Executive guidelines.

Value Added Tax

Expenditure in these accounts is stated inclusive of irrecoverable VAT.

2 HM Government Grants Received

	£000	Previous Year £000
Grant-in-Aid	40,483	25,201
Capital grant received included as deferred income (see note 16)	176	408
	40,659	25,609

Notes to the Accounts

for the year ended 31 March 2002

3 Board Members and Staff Costs

	£000	Previous Year £000
a) All Employees:		
Salaries	5,172	4,724
Social security costs	424	388
Pension contributions (see note 17)	61	62
Pension scheme costs	9	2
Redundancy	919	-
	6,585	5,176

Salaries and social security costs include £737,000 and £70,000 respectively (2001 £515,000 and £49,000) for skilled staff on short term contracts for visitscotland.com

b) Board Members' Remuneration included above:

	£000	Previous Year £000
Chairman	8	18
Other Board Members	46	38
	54	56

The Chairman and Board Members are not members of the Board's Pension Scheme. Their remuneration fell within the following ranges:

	Gross Salary £000
Peter Lederer (appointed Chairman 2 April 2001)	5 - 10
Donald Anderson	5 - 10
Pat Buchanan	5 - 10
Michael Cantlay	5 - 10
Donal Dowds	5 - 10
Brian Houston (appointed 12 June 2001)	5 - 10
Sheena Kitchin	5 - 10

c) Chief Executive's Remuneration:

Peter McKinlay was appointed Interim Chief Executive on 5 December 2000 on a short-term contract which expired on 15 August 2001. He is not a member of the Board's Pension Scheme. His total remuneration was £41,290 (2001 £30,967). There were no taxable benefits.

Philip Riddle was appointed as Chief Executive on 16 July 2001. He is a member of the Board's Pension Scheme. His total actual remuneration was £89,871 including £525 taxable benefits and £636 pension contributions.

d) Senior Management Salary and Pension Entitlement (see also note 17)

	Age	Remuneration £000	Real Increase in Pension at 60 £	Total Accrued Pension at 60 at 31 March 2002 £
P Riddle – Chief Executive (started 16 July 2001)	49	89	1,080	1,080
H Hall – Director of Corporate Services (started 10 July 2001)	43	60	853	853
M Roughead – Director of Marketing (started 29 May 2001)	42	69	1,067	1,067
W Macleod – Director of Industry Services (started 3 September 2001)	54	47	640	640
T Oliphant (left 30 June 2001)	}			
A Bell (left 30 June 2001)				
G Birse (left 30 August 2001)				
K Rutherford (left 25 July 2001)				
L Hollis (left 31 July 2001)				
L Easton (left 30 June 2001)	Permission to disclose these details withheld by the individuals.			

Remuneration includes basic salary and benefits in kind.

e) The average weekly number of full-time equivalent employees during the year was:

	No.	Previous Year No.
UK Marketing	11	10
International Marketing	28	27
Scottish Convention Bureau	8	8
Visitor Services	104	92
Administration	38	37
Tourism Futures	13	12
External Communications	13	13
	215	199

Visitor Services this year includes 24 skilled staff (2001 17 staff) on short term contracts for the visitscotland.com project.

Notes to the Accounts

for the year ended 31 March 2002

4 Revenue-Earning Activities

	Income	Expenditure	Surplus/ (Deficit)
	£000	£000	£000
Current Year			
Saleable board publications	368	314	54
Free board publications	705	2,116	(1,411)
Advertising and promotion	1,284	18,077	(16,793)
Quality Assurance	561	283	278
	2,918	20,790	(17,872)
Previous Year			
Saleable board publications	510	376	134
Free board publications	967	2,054	(1,087)
Advertising and promotion	1,714	10,226	(8,512)
Quality Assurance	1,022	311	711
	4,213	12,967	(8,754)

The principal objective of the Board is the promotion of Scotland as a holiday destination. In furtherance of this objective the Board spends a substantial sum on advertising, promotion, and the production of free publications which is not recovered from trade partners. Accordingly the Board incurs a deficit on these activities.

Expenditure does not include staff costs or any allocation of overheads.

5 Other Income

	£000	Previous Year £000
Information centres	98	86
Visitor Services initiatives	13	29
visitscotland.com	-	14
Monitoring Research	9	42
Futures and Strategy	14	24
Bank interest	133	73
Rent	19	18
Miscellaneous	4	10
	290	296

6 Other Operating Costs

	£000	Previous Year £000
Information centres	446	421
Visitor Services initiatives	429	501
Visitscotland.com	609	260
Public Private Partnership	901	392
Tourism related environmental initiatives	300	-
Monitoring Research	466	405
Futures & Strategy	195	243
Travel and hospitality expenses	931	912
Accommodation, equipment and office expenses	1,632	1,832
Restructuring	409	-
Depreciation	516	448
Loss on disposal of fixed assets	-	3
Notional cost of capital	141	84
	6,975	5,501

The Board continues to have an interest in the former Scottish Travel Centre. Expenditure of £63,973 (2001 £69,536) is included in Information centres. The expenditure is principally rent.

Depreciation includes an additional charge of £88,009 (2001 £127,918) arising from the revaluation of equipment.

7 Assistance to Area Tourist Boards

	£000	Previous Year £000
General purpose grants	3,494	3,494
Assistance with marketing projects	-	45
Assistance with niche marketing	-	400
Assistance for implementation of visitscotland.com	-	1,590
Assistance for foot & mouth recovery	2,792	-
Additional assistance for foot & mouth recovery:		
Dumfries & Galloway Tourist Board	850	-
Scottish Borders Tourist Board	240	-
Additional financial support	1,390	-
	8,766	5,529

The Board made the following contributions to bodies other than Area Tourist Boards during the year.

	£000	Previous Year £000
Taste of Scotland	5	6
Scottish Tourism Forum	-	10

Notes to the Accounts

for the year ended 31 March 2002

8 Operating Surplus

	£000	Previous Year £000
This is stated after charging:		
Board Members' remuneration (see note 3b)	54	56
Auditors' remuneration	31	18
Travel, subsistence and hospitality:		
Chairman and other Board Members	48	43
Other employees	883	869
Rentals – operating leases	729	721
Bad debts – written off	31	16
– (decrease)/increase in provision	(47)	82

9a) Tangible Fixed Assets

At Cost	Fixtures, Fittings and Equipment			Total £000
	Fixtures, Fittings £000	Equipment Purchased		
		IT £000	Other £000	
1 April 2001 at valuation	203	463	233	899
Additions at cost	-	157	19	176
Disposals	-	-	-	-
Revaluation adjustment	(66)	(363)	(82)	(511)
31 March 2002 at valuation	137	257	170	564
Depreciation				
1 April 2001	-	-	-	-
Charge	63	382	71	516
Disposals	-	-	-	-
	63	382	71	516
Arising on revaluation	(63)	(382)	(71)	(516)
31 March 2002	-	-	-	-
Net Book Value				
At 31 March 2002	137	257	170	564
At 1 April 2001	203	463	233	899

9b) Fixed Asset Investments

The Board owned 100% of the issued share capital of Ossian Limited, a company registered in Scotland. The cost of this investment was £1. The company was dissolved during the year.

10 Secured Loans

	£000	Previous Year £000
At 1 April 2001	4	27
Amounts repaid	-	-
Amounts written off	4	23
At 31 March 2002	-	4
Repayable within one year	-	4
Repayable after one year	-	-
	-	4

11 Stocks

	£000	Previous Year £000
Saleable publications published by the Board	136	136
	136	136

The replacement cost of stocks would not be materially different from that shown above.

12 Debtors

	£000	Previous Year £000
Trade debtors	1,115	1,729
Provision for doubtful debts	(72)	(119)
	1,043	1,610
HM Government (taxation)	94	-
Grants repayable (see note 14)	-	75
Prepayments and accrued income	783	2,343
Sundry debtors	40	127
Loan to Ayrshire & Arran Tourist Board	160	160
	2,120	4,315

The loan to Ayrshire & Arran Tourist Board is repayable in annual installments of £40,000 commencing in June 2001. However, repayments have been deferred pending the outcome of discussions on the financial position of Ayrshire & Arran Tourist Board.

Notes to the Accounts

for the year ended 31 March 2002

13 Creditors: Amounts falling due within one year

	£000	Previous Year £000
Trade creditors	2,042	1,509
Accruals	2,872	1,454
HM Government – other taxation and social security	168	162
HM Government – tourist projects interest and grants	-	75
Loans repayable (see note 10)	-	4
Corporation tax	27	14
Deferred income (see note 16)	212	312
	5,321	3,530

14 Grant Repayments

	£000	Previous Year £000
Due at 1 April 2001	75	75
Amounts invoiced	-	-
	75	75
Amounts received	-	-
Amounts written off	75	-
Due at 31 March 2002	-	75

Grants totalling £75,652 were written-off during the year. Grants can be recovered in circumstances where there is a breach of conditions by the grantee.

15 Creditors: Amounts falling due after more than one year

	£000	Previous Year £000
Deferred Income (see note 16)	219	399

16 Deferred Income on Capital Grants

	£000	Previous Year £000
At 1 April 2001	711	745
Capital grant received in year (see note 2)	176	408
	887	1,153
Amortisation in the year	456	442
At 31 March 2002	431	711
Creditors: Amounts falling due within one year	212	312
Creditors: Amounts falling due after one year	219	399
	431	711

Amortisation includes an adjustment of £88,009 in respect of IT equipment revalued (2001 £127,918).

17 Pension Scheme

The Board is a participant in the British Tourist Boards' defined benefit pension scheme. An actuarial valuation was carried out using membership data as at 1 April 2001 and updated to 31 March 2002. It is not possible to split the scheme's assets between individual Boards.

The major assumptions used in valuing the liabilities are given below:

Assumptions	As at 31 March 2002
Discount rate	5.9%
Inflation	2.8%
Salary increases	4.5%
Increases to pension in payment in line with RPI	2.8%
Mortality before retirement	Per Annuity mortality tables AM80/AF80
Mortality after retirement	Per Annuity mortality tables PMA80/PFA80(C=2015)

The assets in the scheme and the expected rate of return were:

	As at 31 March 2002	
	Long term rate of return expected	Value of assets £000
Cash Accumulation Policy	7.5%	109,720
Secured pensions in payment	5.9%	25,248
Secured deferred annuities	5.9%	102
Total market value of assets	-	135,070
Present value of scheme liabilities	-	111,429
Surplus in the scheme	-	23,641

Scottish Tourist Board's share of the surplus is £5,458,000.

Commentary

During the year ending 31 March 2002, a contribution rate of 6% of pensionable salaries was paid. These contributions included 5% employees' contributions.

Pensions paid to two previous Chairmen and two pre-scheme employees are not funded but are a direct charge on Grant-in-Aid. The total unfunded liability for pensions in payment is £168,000.

The charge for pension costs in the year is as follows:

	£000	Previous Year £000
Pension scheme charge	45	47
Pre-scheme pensioners and previous Chairmen	16	15
	61	62

There is no charge or provision in the accounts for or on behalf of pensions to Board Members.

Notes to the Accounts

for the year ended 31 March 2002

18 Operating Lease Commitments

	£000	Previous Year £000
The existing operating lease contracts of the Board give rise to the following annual obligations on leases relating to land and buildings due to expire:		
Under one year	-	-
In one to five years	383	377
Over five years	346	344
	729	721

19 Corporation Tax

	£000	Previous Year £000
Provision for corporation tax at 20% (2001 20%) on bank interest received during the year	27	14

20 Reconciliation of Movement in Government Funds

	£000	Previous Year £000
Opening Government funds	1,432	383
Surplus/(deficit) for financial year	1,145	1,049
Closing Government funds	2,577	1,432

21 Performance Against Key Corporate Financial Targets

Key corporate financial targets are set out annually in the Board's Corporate Plan. Performance against those targets for the year to 31 March 2002 was:

	Target £000	Actual £000
Budgets (not to be exceeded)		
– total expenditure	40,659	39,492
– expenditure on running costs	6,181	6,299
– Quality Assurance – net cost	1,390	1,242
External partnership funding (to be maximised)	3,292	3,210

The figures above are disclosed in accordance with Scottish Executive guidelines and are therefore not directly comparable to figures shown in these accounts.

22 Capital Commitments

	£000	Previous Year £000
Contracted	3	2

23 Related Party Transactions

Scottish Tourist Board is a Non-Departmental Public Body sponsored by the Scottish Executive.

The Scottish Executive is regarded as a related party. During the year, Scottish Tourist Board has had various material transactions with the Scottish Executive and with other entities for which the Scottish Executive is regarded as the parent body, viz Scottish Enterprise and Highlands and Islands Enterprise.

In addition, Scottish Tourist Board has had a small number of material transactions with other Government departments and other central government bodies, local government and non-departmental public bodies.

With the exception of the transactions described above, none of the Board Members, key management staff or other related parties has undertaken any material transactions with Scottish Tourist Board during the year.

24 Revaluation Reserve

	£000	Previous Year £000
At 1 April 2001	39	-
Arising on revaluation	4	39
At 31 March 2002	43	39

The Revaluation Reserve was established to reflect modified historic cost accounting for fixed assets.

25 Losses and Special Payments

	£000
Total losses for the year were:	
Irrecoverable section 4 grants and loans	79
Irrecoverable trade debts	31
Obsolete saleable publications	72
	182
Special payments made in the year were:	
Paid to Mr R Lynch – Ex-gratia payment	25
– Legal fees	18
	43

Independent Auditor's Report

To the members of the Scottish Tourist Board, the Scottish Parliament and the Auditor General for Scotland

I have audited the financial statements on pages 30 to 45 under the Development of Tourism Act 1969. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 34 to 35.

Respective responsibilities of the Board, the Chief Executive and Auditor

As described on page 28 the Board and the Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Board and the Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland, and guided by the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Development of Tourism Act 1969 and directions made thereunder and whether, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Scottish Tourist Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 29 complies with Scottish Executive guidance on statements on the system of internal control. I report if it does not comply with the guidance, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Basis of audit opinions

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts shown in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scottish Tourist Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Financial Statements

In my opinion the financial statements give a true and fair view of the state of affairs of the Scottish Tourist Board at 31 March 2002 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Development of Tourism Act 1969 and directions made thereunder.

Regularity

In my opinion, in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Fiona Kordiak CPFA, Chief Auditor

Audit Scotland (Edinburgh Area)
Osborne House, 1/5 Osborne Terrace
Edinburgh EH12 5HG
24 June 2002

Direction by the Scottish Ministers

- 1 The Scottish Ministers, in pursuance of Section 6(1) of the Development of Tourism Act 1969, hereby give the following direction.
- 2 The statement of accounts, which it is the duty of the Scottish Tourist Board to prepare in respect of the financial year ended 31 March 2001, and in respect of any subsequent financial year, shall comprise:
 - 2.1 a foreword;
 - 2.2 an income and expenditure account;
 - 2.3 a balance sheet;
 - 2.4 a cash flow statement;
 - 2.5 a statement of total recognised gains and losses;
 - 2.6 a statement of accountable officer's responsibilities; and
 - 2.7 a statement on the system of internal financial control.

including such notes as may be necessary for the purposes referred to in the following paragraphs.

- 3 The statement of accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year. Subject to this requirement, the accounts shall be prepared in accordance with:
 - 3.1 the accounting and disclosure requirements of the Companies Act for the time being in force; and
 - 3.2 generally accepted accounting practice in the UK, including accounting standards issued or adopted by the Accounting Standards Board; and
 - 3.3 guidance which Scottish Ministers may issue from time to time in respect of accounts which are required to give a true and fair view;
 - 3.4 the accounting and disclosure requirements given in "Government Accounting" and in "Executive NDPBs: Annual Reports and Accounts Guidance", as amended or augmented from time to time; and
 - 3.5 the disclosure requirements contained in the "Fees and Charges Guide" (in particular those relating to the need for appropriate segmental information for services or forms of service provided);insofar as these are appropriate to the Scottish Tourist Board and are in force for the financial year for which the statement of accounts is to be prepared.
- 4 Clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
- 5 The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:
 - 5.1 fixed assets at their value to the business by reference to current costs; and
 - 5.2 stocks valued at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.
- 6 This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 6 June 2000 is hereby revoked.

Signed by the authority of the Scottish Ministers
David Wilson
12 June 2001

Schedule 1

Application of the Accounting and Disclosure Requirements of the Companies Act and Accounting Standards

Companies Act

- 1 The disclosure exemptions permitted by the Companies Act shall not apply.
- 2 The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the equivalent information relating to Scottish Tourist Board shall be contained in the foreword.
- 3 When preparing its income and expenditure account the Scottish Tourist Board shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies Act.
- 4 When preparing its balance sheet the Scottish Tourist Board shall have regard to the balance sheet form at 1 prescribed in Schedule 4 to the Companies Act.
- 5 The Scottish Tourist Board is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies Act.
- 6 The foreword and balance sheet shall be signed and dated by the Scottish Tourist Board's Accountable Officer.

Accounting Standards

- 7 The Scottish Tourist Board is not required to include a note showing historical cost profits and losses as described in FRS3.
- 8 The Scottish Tourist Board shall not adopt the Financial Reporting Standard for Smaller Entities.

Schedule 2

Additional Disclosure Requirements

- 1 The foreword shall, inter alia:
 - 1.1 state that the statement of accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 6(1) of the Development of Tourism Act 1969.
 - 1.2 include a brief history of the Scottish Tourist Board and its statutory background.
- 2 The notes to the accounts shall include:
 - 2.1 details of any key corporate financial targets set by the Scottish Ministers together with an indication of the performance achieved, and
 - 2.2 details of the pension arrangements operated by the Scottish Tourist Board and confirmation that the scheme accords with the guidance contained in "Non-Departmental Public Bodies: A Guide for Departments".

Five Year Financial Summary

Income	2001/02	2000/01	1999/2000	1998/99	1997/98
	£000	£000	£000	£000	£000
HM Government – Grant-in-Aid	40,483	25,201	19,374	19,651	19,185
Tourist projects	-	-	3	3	11
Amortisation of capital grant	456	442	188	149	48
Income from activities	3,208	4,509	5,389	5,480	5,598
	44,147	30,152	24,954	25,283	24,842
Expenditure					
Staff costs	6,585	5,176	4,687	4,487	3,677
Advertising, promotion and other operating costs	27,765	18,468	16,942	16,692	17,814
Area Tourist Boards	8,766	5,529	3,592	4,395	3,574
Tourist projects	-	-	3	3	11
	43,116	29,173	25,224	25,577	25,076
Operating surplus/(deficit)	1,031	979	(270)	(294)	(234)
Corporation tax	(27)	(14)	(10)	(12)	(15)
	1,004	965	(280)	(306)	(249)
Add back notional costs	141	84	63	67	65
Surplus/(deficit) for year	1,145	1,049	(217)	(239)	(184)
Balance Sheet					
Tangible fixed assets	564	899	903	1,036	738
Secured loans	-	4	27	52	61
Other net current assets	2,275	967	11	81	211
	2,839	1,870	941	1,169	1,010
Long term loans and provisions	219	399	558	569	171
	2,620	1,471	383	600	839
Financed by:					
Income and Expenditure Account	2,577	1,432	383	600	839
Revaluation Reserve	43	39	-	-	-
	2,620	1,471	383	600	839

ATB Income 2001-2002

	Public Sector			Total	Membership			Other private sector/commercial	Total income
	LA core grant	VS Grant-in-aid	Specific project		Fees	Other	Total		
AGTB	600,000	290,000	732,000	1,622,000	114,000	160,000	274,000	292,700	2,188,700
ADTB	404,000	133,000	589,100	1,126,100	15,100	53,700	68,800	64,800	1,259,700
ALLST	645,700	535,000	1,044,300	2,225,000	125,000	365,000	490,000	946,500	3,661,500
AATB	379,950	212,000	509,100	1,101,050	45,500	99,700	145,200	88,350	1,334,600
DGTB	360,500	149,000	1,750,900	2,260,400	4,500	62,900	67,400	112,050	2,439,850
ELTB	1,300,100	384,000	799,600	2,483,700	223,000	317,800	540,800	724,700	3,749,200
GGCVTB	2,183,400	219,800	287,000	2,690,200	164,700	88,400	253,100	541,600	3,484,900
HOST	497,300	746,000	1,085,300	2,328,600	171,600	413,500	585,100	639,100	3,552,800
KFTB	380,000	138,000	386,000	904,000	39,000	101,550	140,550	155,200	1,199,750
OTB	189,000	89,600	166,300	444,900	18,150	109,000	127,150	48,900	620,950
PTB	468,500	179,000	575,400	1,222,900	58,000	311,000	369,000	184,450	1,776,350
SBTB	277,000	149,000	1,044,000	1,470,000	33,000	246,000	279,000	117,000	1,866,000
SIT	150,000	86,500	202,900	439,400	16,000	47,600	63,600	77,600	580,600
WITB	104,050	109,500	370,900	584,450	28,300	42,300	70,600	60,700	715,750
Network Total	7,939,500	3,420,400	9,542,800	20,902,700	1,055,850	2,418,450	3,474,300	4,053,650	28,430,650

Notes

Figures are estimated out-turns for 2001-2002.

Membership fees were subsidised 50%(100% DGTB) by Foot and Mouth Recovery Funding from Scottish Executive – this appears under ‘special project’ public sector.

GGCVTB second payment of grant-in-aid from VisitScotland (£73k) not released as at end March 2002.

LA core grant for ALLST includes year-on-year property grants and for SBTB year-on-year ‘services’ grant.

AGTB	Aberdeen and Grampian Tourist Board
ADTB	Angus and Dundee Tourist Board
ALLSTTB	Argyll, the Isles, Loch Lomond, Stirling, Trossachs Tourist Board
AATB	Ayrshire and Arran Tourist Board
DGTB	Dumfries and Galloway Tourist Board
ELTB	Edinburgh and Lothians Tourist Board
GGCVTB	Greater Glasgow and Clyde Valley Tourist Board
HOSTB	Highlands of Scotland Tourist Board
KFTB	Kingdom of Fife Tourist Board
OTB	Orkney Tourist Board
PTB	Perthshire Tourist Board
SBTB	Scottish Borders Tourist Board
SIT	Shetland Isles Tourism
WITB	Western Isles Tourist Board

contact details

on call

VisitScotland

Edinburgh

23 Ravelston Terrace
Edinburgh EH4 3TP
Tel 0131 332 2433
Fax 0131 343 1513
www.visitscotland.com
www.scotexchange.net

Inverness

Thistle House
Beechwood Park North
Inverness IV2 3ED
Tel 01463 716996
Fax 01463 717233

London

19 Cockspur Street
London SW1Y 5BL
Tel 020 7930 2812
Fax 020 7930 1817