

**AYRSHIRE AND ARRAN
TOURIST BOARD**

**Financial Statements
for the year ended**

31 March 2005



BDO Stoy Hayward
Chartered Accountants

AYRSHIRE AND ARRAN TOURIST BOARD
Financial Statements
For the year ended 31 March 2005

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Board of Directors

Stewart Selbie	(Chairman)	
Ken Thorburn	(Vice Chairman)	
Councillor Tom Barr		
Councillor Eric Ross		
Fiona Crawford		Appointed November 2004
Councillor Robert Campbell		
Councillor Alan Hill		
Lord Glasgow		Appointed November 2004
June Cameron		
Tom Wilson		Resigned May 2004
Penny Brass		
Martin Cornforth		

Bankers

The Royal Bank of Scotland plc
30 Sandgate
AYR
KA7 1BY

Auditors

BDO Stoy Hayward LLP
Chartered Accountants
64 Dalblair Road
AYR
KA7 1UH

Solicitors

Wright, Johnston & Mackenzie
302 St Vincent Street
GLASGOW
G2 5RZ

AYRSHIRE AND ARRAN TOURIST BOARD

Foreword to Annual Accounts

Foreword to Annual Accounts

The accounts for the year show a surplus of £59,965 compared to the surplus of £29,192 in the previous year. This has converted the accumulated deficit to a small surplus of £4,392 at the end of the year. This financial improvement is a result of a restructuring programme undertaken in 2003.

Last year the Scottish Executive announced the outcome of the Area Tourist Board review. A number of the staff at the Tourist Board have been involved in transition activities (Tourism Network Scotland) throughout the year. The Board of Directors also held additional meetings to review progress of the transition. The last meeting of the Board of Directors was held on Friday 18 March 2005.

As a result of this review, Ayrshire & Arran Tourist Board was dissolved with effect from 1 April 2005 and its assets and liabilities were vested in the Scottish Network 1 Tourist Board.

We continued to benefit from project funding from VisitScotland, Scottish Enterprise Ayrshire, Argyll & Isles Enterprise, Local authorities and European Regional Development Fund (ERDF). This funding financed the following marketing initiatives:

Ayrshire & Arran Convention Bureau
Scottish Golf South West
Short Breaks Campaign
Gateway Marketing Campaign
Electronic Tourist Information Points (eTips)

Our Tourist Information Centres based in Ayr, Brodick and Largs continue to operate business as usual with the on line booking facility provided access to accommodation throughout Scotland.

As of 31 March 2005 Ayrshire & Arran Tourist Board had 752 members, a 3% decrease on the previous year but an excellent achievement in a year of change and uncertainty. Liaison with the industry remains one of our most important activities and we continued to drive forward Quality & Standards.

In 2004/05 we produced the following publications:

100,000 copies of Ayrshire & Arran Accommodation Guide
35,000 copies of Ayrshire & Arran Visitor Guide
30,000 copies of Arran leaflet.
4,000 Bedroom Packs.

AYRSHIRE AND ARRAN TOURIST BOARD

Statement of directors' responsibilities

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Board and of its income and expenditure for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make suitable judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board. They are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of Ayrshire and Arran Tourist Board confirm they have discharged the above responsibilities during the financial year and in preparing the financial statements.

Signed on behalf of the Board on 27 February 2006.

Stewart Selbie
Chairman

Catriona Mackie
Acting Chief Executive

AYRSHIRE AND ARRAN TOURIST BOARD

Report of the independent auditors

To the directors of the Scottish Network 1 Tourist Board

We have audited the financial statements of Ayrshire and Arran Tourist Board for the year ended 31 March 2005 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors.

The directors responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the terms of our engagement letter and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Our report has been prepared pursuant to the requirements of our engagement letter and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of the terms of our engagement letter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Board's affairs as at 31 March 2005 and of its income and expenditure for the year then ended.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Ayr*

27 February 2006

AYRSHIRE AND ARRAN TOURIST BOARD

Income and expenditure account For the year ended 31 March 2005

	Notes	2005 £	2004 £
Turnover	2	235,638	240,008
Cost of Sales	3	<u>(30,838)</u>	<u>(40,521)</u>
Gross surplus		204,800	199,487
Other operating income	4	2,116,117	1,648,754
Operating expenses	5	<u>(2,265,099)</u>	<u>(1,822,195)</u>
Operating surplus	7	55,818	26,046
Interest receivable and similar income	8	5,224	4,143
Interest payable and similar charges	9	<u>(448)</u>	<u>(210)</u>
Surplus on ordinary activities before taxation		60,594	29,979
Taxation on bank interest received	10	<u>(629)</u>	<u>(787)</u>
Surplus for financial year		<u>59,965</u>	<u>29,192</u>
Summary of retained surpluses/(deficits)			
Retained (deficit) brought forward	18	(55,573)	(84,765)
Retained surplus for the year		<u>59,965</u>	<u>29,192</u>
Retained surplus/ (deficit) carried forward		<u>4,392</u>	<u>(55,573)</u>

There were no recognised gains and losses during the year other than the retained surplus above.

The notes on pages 7 to 12 form part of these financial statements.

Ayrshire and Arran Tourist Board was dissolved on 1 April 2005 and its assets and liabilities were vested in the Scottish Network 1 Tourist Board.

AYRSHIRE AND ARRAN TOURIST BOARD

Balance sheet As at 31 March 2005

	Notes	2005 £	2004 £
Fixed Assets			
Tangible assets	11	127,698	112,646
Current Assets			
Stock	12	13,124	10,685
Debtors	13	296,926	529,290
Cash at bank and in hand		<u>460,191</u>	<u>526,176</u>
		770,241	1,066,151
Creditors: Amounts falling due within one year	14	<u>(759,747)</u>	<u>(1,067,205)</u>
Net current assets		<u>10,494</u>	<u>(1,054)</u>
Total assets less current liabilities		138,192	111,592
Creditors: Amounts falling due after more than one year	15	(133,800)	(162,670)
Accruals and deferred income	17	<u>-</u>	<u>(4,495)</u>
		<u>4,392</u>	<u>(55,573)</u>
Reserves			
Income and expenditure account	18	<u>4,392</u>	<u>(55,573)</u>

The financial statements were approved on behalf of the Scottish Network 1 Tourist Board as statutory successor to Ayrshire and Arran Tourist Board.

Peter Lederer – Chairman

Philip Riddle – Chief Operating
Officer

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27 February 2006

The notes on pages 7 to 12 form part of these financial statements.

AYRSHIRE AND ARRAN TOURIST BOARD

Notes to the Financial Statements For the year ended 31 March 2005

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Board's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention on a going concern basis, and in accordance with applicable accounting standards.

Ayrshire and Arran Tourist Board was dissolved with effect from 1 April 2005 and its assets and liabilities were vested in the Scottish Network 1 Tourist Board.

Depreciation

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

Land	-	No depreciation is provided
Freehold property	-	10 to 50 years
Leasehold property	-	Period of lease or 10 years
Furniture and fittings	-	5 years
Office equipment	-	4 years
Computer equipment	-	4 years

Deferred grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the income and expenditure account over the expected useful lives of the relevant assets.

Grants of a revenue nature are credited to the income and expenditure account in the period to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Pension costs

Employees of the Board have the option to be members of the Strathclyde Pension Fund. The pension scheme is a funded defined benefit scheme with employees' contributions fixed by statute. Employers' contributions are assessed by a qualified actuary on the basis of triennial values and are calculated to ensure the actuarial solvency of the fund.

Leased assets

All leases are regarded as operating leases and total payments made under them are charged to the income and expenditure account on a straight line basis over the lease term.

AYRSHIRE AND ARRAN TOURIST BOARD

Notes to the Financial Statements For the year ended 31 March 2005 (Cont'd)

2.	Turnover	2005	2004
		£	£
	Retail and publication sales	54,975	62,409
	Ticket sales (net), Commission and fees	18,008	31,376
	Advertising	142,993	140,833
	Other income	<u>19,662</u>	<u>5,390</u>
		<u>235,638</u>	<u>240,008</u>
3.	Cost of sales	2005	2004
		£	£
	Retail and publication purchases	<u>30,838</u>	<u>40,521</u>
4	Other operating income	2005	2004
		£	£
	Local authority contributions:		
	East Ayrshire Council	69,150	79,150
	North Ayrshire Council	158,300	158,300
	South Ayrshire Council	142,500	142,500
	Visit Scotland grant and contributions	344,034	344,757
	Other grants	1,164,049	618,474
	Membership and associated fees	82,355	85,355
	Enterprise Ayrshire Grants and Contributions	<u>155,729</u>	<u>220,218</u>
		<u>2,116,117</u>	<u>1,648,754</u>
5	Operating expenses	2005	2004
		£	£
	Employee costs (<i>see Note 6</i>)	639,053	598,107
	Premises related expenses	82,021	56,840
	Transport related expenses	53,762	33,473
	Supplies and services	241,964	188,790
	Marketing and promotional expenses	1,143,463	880,959
	Development and research	70,541	40,163
	Membership services	4,200	5,441
	Depreciation	13,468	8,343
	Bad debt expenses	285	676
	Deferred grant release	(4,495)	(6,012)
	Restriction on input VAT recovered	<u>20,837</u>	<u>15,415</u>
		<u>2,265,099</u>	<u>1,822,195</u>

AYRSHIRE AND ARRAN TOURIST BOARD

Notes to the Financial Statements For the year ended 31 March 2005 (Cont'd)

6	Members and employees information	2005 £	2004 £
	Staff costs during the year were as follows:		
	Salaries and wages	547,355	504,286
	Social security costs	43,750	44,784
	Pension costs	37,061	42,146
	Training and recruitment	<u>10,887</u>	<u>6,891</u>
		<u>639,053</u>	<u>598,107</u>
	Salaries and wages include project funded employees		
	The average number of employees of the Board During the year was:	Number	Number
	Permanent staff	18	16
	Project staff	7	5
	Seasonal staff	<u>5</u>	<u>4</u>
		<u>30</u>	<u>25</u>
	No remuneration was paid to directors of the board other than payment of expenses incurred in attending Board meetings		
7	Operating surplus	2005 £	2004 £
	This is stated after charging/(crediting):		
	Auditors' remuneration - audit	3,995	3,630
	- other services	55,315	12,837
	Depreciation of fixed assets	13,467	8,343
	Operating leases - land and buildings	24,750	24,750
	- other	9,048	10,209
	Deferred capital grants released	<u>(4,495)</u>	<u>(6,012)</u>
8	Interest receivable and similar income	2005 £	2004 £
	Bank interest receivable	<u>5,224</u>	<u>4,143</u>
9	Interest payable and similar charges	2005 £	2004 £
	Hire purchase and loan interest	<u>448</u>	<u>210</u>
10	Tax on bank interest received	2005 £	2004 £
	Taxation is charged on:		
	Bank interest received for the year		
	Corporation tax at 19% (19% - 2004)	<u>629</u>	<u>787</u>

AYRSHIRE AND ARRAN TOURIST BOARD

**Notes to the Financial Statements
For the year ended 31 March 2005 (Cont'd)**

11 Tangible fixed assets	Freehold Land & Buildings £	Furniture & Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost					
At 1 April 2004	77,518	51,151	45,838	65,211	239,718
Additions	-	-	-	28,519	28,519
Disposals	-	-	-	-	-
At 31 March 2005	<u>77,518</u>	<u>51,151</u>	<u>45,838</u>	<u>93,730</u>	<u>268,237</u>
Depreciation					
At 1 April 2004	10,809	51,151	41,068	24,044	127,072
Disposals in the year	-	-	-	-	-
Charge for year	<u>1,875</u>	<u>-</u>	<u>1,300</u>	<u>10,292</u>	<u>13,467</u>
At 31 March 2005	<u>12,684</u>	<u>51,151</u>	<u>42,368</u>	<u>34,336</u>	<u>140,539</u>
Net book value					
At 31 March 2005	<u>64,834</u>	<u>-</u>	<u>3,470</u>	<u>59,394</u>	<u>127,698</u>
At 31 March 2004	<u>66,709</u>	<u>-</u>	<u>4,770</u>	<u>41,167</u>	<u>112,646</u>
12 Stocks				2005 £	2004 £
Goods for sale				<u>13,124</u>	<u>10,685</u>
13 Debtors				2005 £	2004 £
Trade debtors				195,359	458,458
Prepayments and other debtors				31,332	32,396
VAT recoverable				<u>70,235</u>	<u>38,436</u>
				<u>296,926</u>	<u>529,290</u>

AYRSHIRE AND ARRAN TOURIST BOARD

**Notes to the Financial Statements
For the year ended 31 March 2005 (Cont'd)**

14	Creditors: Amounts falling due within one year		
		2005	2004
		£	£
	Trade creditors	340,871	209,104
	Accruals and deferred income	374,025	822,339
	Tax and Social Security	11,143	24,115
	Pension Fund contributions	5,039	9,646
	Current portion of long term loans	<u>28,669</u>	<u>2,001</u>
		<u>759,747</u>	<u>1,067,205</u>
15	Creditors: Amounts falling due after more than one year		
		2005	2004
		£	£
	Long term loans	<u>133,800</u>	<u>162,670</u>
16	Long term loans		
		2005	2004
		£	£
	Scottish Tourist Board/VisitScotland	160,000	160,000
	Hire purchase liability	<u>2,469</u>	<u>4,671</u>
		162,469	164,671
	Less: current portion transferred to Creditors: Amounts falling due within one year	<u>(28,669)</u>	<u>(2,001)</u>
		<u>133,800</u>	<u>162,670</u>
	The interest free loan from VisitScotland has been rescheduled with repayments to commence in June 2005 by six equal annual instalments.		
17	Accruals and deferred income		
		2005	2004
		£	£
	Deferred capital grants:		
	At 1 April 2004	4,495	10,507
	Released to income and expenditure	<u>(4,495)</u>	<u>(6,012)</u>
	At 31 March 2005	<u>-</u>	<u>4,495</u>
18	Reserves and reconciliation of movements in Board's funds		£
	Income and expenditure account		
	At 1 April 2004		(55,573)
	Surplus for year		<u>59,965</u>
	At 31 March 2005		<u>4,392</u>

AYRSHIRE AND ARRAN TOURIST BOARD

Notes to the Financial Statements For the year ended 31 March 2005 (Cont'd)

19. Other commitments

The board had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2005		2004	
	Land and Buildings	Other	Land and Buildings	Other
Within one year	-	-	9,500	-
Between two and five years	21,000	9,048	11,500	10,209
Over five years	<u>3,750</u>	<u>-</u>	<u>3,750</u>	<u>-</u>
	<u>24,750</u>	<u>9,048</u>	<u>24,750</u>	<u>10,209</u>

20. Pensions

The company makes contributions to the Strathclyde Pensions Fund Scheme (SPF), which is of the defined benefit type. The assets of the SPF scheme are held in a separate, trustee-administered fund.

The total pension cost was £31,420 (2004:£42,146). The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuation of the scheme was at 31 March 2002.

The assumptions which have the most significant effect on the valuations and other relevant data, are as follows:

	SPF
Rate of return of investments in excess of rate of increase in salaries	2.1%
Rate of return on investments in excess of rate of increase in pensions	3.6%
Market value at last valuation	£6,039,200,000

The actuarial value of the SPF scheme was sufficient to cover all of the benefits that had accrued to members after allowing for future increases in earnings.

The scheme is a defined benefit multi-employer scheme.

The company is unable to identify its share of the underlying assets and liabilities in the SPF. Consequently, in line with the requirements of Financial Reporting Standard 17 – Retirement Benefits, the company accounts for contributions to the scheme as if it is a defined contribution scheme.