

**Dumfries & Galloway Tourist Board**

**Financial Statements**

**for the year ended 31st March 2005**

## Dumfries & Galloway Tourist Board

### Company information

#### **Executive Committee Members**

##### Voting Members

|                                |                    |
|--------------------------------|--------------------|
| Mr J. Hughes                   | (Chairman)         |
| Lady Vaux of Harrowden         | (Vice Chair)       |
| Mr M. Cornforth                |                    |
| Cllr. J. Dempster              |                    |
| Mr J. Denerley                 |                    |
| Cllr. A. Geddes                |                    |
| Mr M. Hannay                   |                    |
| Cllr. J. Mitchell              |                    |
| Cllr. J. Purdie                |                    |
| Mrs S. Lock                    | (Until June 2004)  |
| Cllr. A. Bell-Irving           | (Until June 2004)  |
| Mr D. McMillan                 |                    |
| Mr C. Williamson / Mr J. Smith |                    |
| Mr G. Hood                     | (From June 2004)   |
| Cllr. A. Graham                | (From August 2004) |

##### Dumfries and Galloway Council

##### Nominated Observer

Mr A. Fitzpatrick

##### **Chief Executive**

Ms Norma Hart

##### **Acting Chief Executive**

Mrs Vicki Miller

##### **Auditors**

Carson & Trotter C.A.  
Chartered Accountants and  
Registered Auditors  
123 Irish Street  
Dumfries  
DG1 2PE

##### **Bankers**

Bank of Scotland  
91 High Street  
Dumfries

##### **Solicitors**

Gillespie, Gifford and Brown  
135 Irish Street  
Dumfries

## Dumfries & Galloway Tourist Board

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**Dumfries & Galloway Tourist Board**

**Statement of Executive Committee Members' Responsibilities**  
**for the year ended 31st March 2005**

The Dumfries and Galloway Tourist Board Executive Committee members are required to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Board and of its income and expenditure for that year. In preparing those financial statements the Executive Committee members are required to:

- select suitable accounting policies and apply them consistently;
- make 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The Executive Committee members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board and to enable them to ensure that the financial statements comply with the relevant statutes, regulations and administrative procedures. 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 Dumfries and Galloway Tourist Board Executive Committee Members confirm they have discharged the above responsibilities during the financial year and in preparing the financial statements.

Approved on behalf of the Executive Committee members on .

J. Hughes

Former Chairman

**Dumfries & Galloway Tourist Board**

**Statement on Internal Control**  
**for the year ended 31st March 2005**

As Acting Chief Executive, I acknowledge my responsibility on behalf of the Board Members for ensuring that an effective system of internal financial control is maintained and operated by Dumfries and Galloway Tourist Board.

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 Board policies, aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically. This process has been in place for the year ended 31st March 2005 and it accords with all relevant guidance.

As Acting Chief Executive I also have responsibility for reviewing the effectiveness of the system of internal control.

The Board has established the following processes:

- the management team meet at regular fortnightly intervals to consider business-planning progress and to review and suggest improvements to any processes.
  
- the Executive Committee meets at regular intervals and is provided with financial reporting updates and progress reports against the business plan.
  
- as part of an ongoing process the management team review any increased risk attached to their own areas of responsibility.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and of the management team within the Board who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

V. Miller                      Acting Chief Executive

Date-

**Dumfries & Galloway Tourist Board**

**Independent auditors' report to the members of Dumfries & Galloway Tourist Board**

We have audited the financial statements of Dumfries & Galloway Tourist Board for the year ended 31st March 2005 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Board's members, as a body, in accordance with relevant statutes, regulations and administrative procedures. Our audit work has been undertaken so that we might state to the Board's members those matters we are required to state to them in an auditors 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 Board and the Board's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Executive Committee members and auditors**

As described in the Statement of Executive Committee Members' Responsibilities the Board's Executive Committee members are responsible for the preparation of the financial statements 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 ATB Manual for Accounts. 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, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Executive Committee Members' remuneration and transactions with the Board is not disclosed.

We read the Foreword 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Executive Committee 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 31st March 2005 and of its results for the year then ended and have been properly prepared in accordance with relevant statutes, regulations and administrative procedures.

**Carson & Trotter C.A.**  
**Chartered Accountants and Registered Auditors**  
\*\*\*\*\*

**123 Irish Street**  
**Dumfries**  
**DG1 2PE**

**Dumfries & Galloway Tourist Board**

**Independent Auditors' Report on the Statement of Internal Controls of Dumfries & Galloway Tourist Board**

In addition to our audit work on the financial statements, we have reviewed the statement of board members' responsibilities in respect of internal control set out on page 2 on Dumfries & Galloway Tourist Board's compliance.

We are not required to perform the additional work to, and we do not express any opinion on, the effectiveness of the Board's system of internal control.

Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

**Opinion**

With respect to the board members' statement on internal control on page 2, in our opinion, the board members have provided the disclosures required and the statement is not inconsistent with the information of which we are aware from our audit.

**Carson & Trotter C.A.**  
**Chartered Accountants and Registered Auditors**  
\*\*\*\*\*

**123 Irish Street**  
**Dumfries**  
**DG1 2PE**

**Dumfries & Galloway Tourist Board**

**Income and expenditure account**  
**for the year ended 31st March 2005**

|   |              | <b>2005</b> | <b>2004</b> |
|---|--------------|-------------|-------------|
|   | <b>Notes</b> | <b>£</b>    | <b>£</b>    |
| <b>Turnover</b>   | <b>2</b>     | 427,452     | 384,091     |
| Cost of sales   | <b>3</b>     | (338,163)   | (303,413)   |
| <b>Gross surplus</b>                                      |              | 89,289      | 80,678      |
| Other operating income                                    | <b>4</b>     | 1,263,240   | 1,424,143   |
| Operating expenses  | <b>5</b>     | (1,320,866) | (1,519,244) |
| <b>Operating surplus/(deficit)</b>                        | <b>6</b>     | 31,663      | (14,423)    |
| Other interest receivable and similar income              | <b>7</b>     | 8,328       | 16,940      |
| Interest payable and similar charges                      | <b>8</b>     | (2,949)     | (1,712)     |
| <b>Retained surplus for the financial year</b>            |              | 37,042      | 805         |
| Retained surplus brought forward                          |              | 52,826      | 52,021      |
| <b>Retained surplus carried forward</b>                   |              | 89,868      | 52,826      |
| <br><b>Statement of total recognised gains and losses</b> |              |             |             |
| <b>Surplus for the financial year</b>                     |              | 37,042      | 805         |
| Pension schemes actuarial gain / (loss)                   |              | 9,000       | 15,000      |
| Total recognised gains/ (losses) relating to the year     |              | 46,042      | 15,805      |

The notes on pages 8 to 18 form an integral part of these financial statements.

**Dumfries & Galloway Tourist Board**

**Balance sheet**  
**as at 31st March 2005**

|  | Notes | 2005             |                  | 2004             |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | £                | £                | £                | £                |
| <b>Fixed assets</b>  |       |                  |                  |                  |                  |
| Tangible assets  | 11    |                  | 682,630          |                  | 699,160          |
| <b>Current assets</b>  |       |                  |                  |                  |                  |
| Stocks   | 12    | 47,444           |                  | 51,185           |                  |
| Debtors  | 13    | 276,778          |                  | 471,074          |                  |
| Cash at bank and in hand                                       |       | 80,038           |                  | 309,964          |                  |
|  |       | <u>404,260</u>   |                  | <u>832,223</u>   |                  |
| <b>Creditors: amounts falling due within one year</b>          | 14    | <u>(406,599)</u> |                  | <u>(876,041)</u> |                  |
| <b>Net current liabilities</b>                                 |       |                  | <u>(2,339)</u>   |                  | <u>(43,818)</u>  |
| <b>Total assets less current liabilities</b>                   |       |                  | 680,291          |                  | 655,342          |
| <b>Creditors: amounts falling due after more than one year</b> | 15    |                  | (12,128)         |                  | -                |
| <b>Accruals and deferred income</b>                            | 16    |                  | <u>(403,295)</u> |                  | <u>(452,516)</u> |
| <b>Net assets</b>  |       |                  | <u>264,868</u>   |                  | <u>202,826</u>   |
| <b>Reserves</b>  |       |                  |                  |                  |                  |
| Other reserves   |       |                  | 175,000          |                  | 150,000          |
| Income and expenditure reserve                                 |       |                  | 89,868           |                  | 52,826           |
| <b>Board funds</b>   | 18    |                  | <u>264,868</u>   |                  | <u>202,826</u>   |

The financial statements were approved on behalf of The Scottish Network 1 Tourist Board as statutory successor to Dumfries & Galloway Tourist Board on \_\_\_\_\_ and signed on its behalf by \_\_\_\_\_

**Peter Lederer**

**Chairman**

**Philip Riddle**

**Chief Operating Officer**

**The notes on pages 8 to 18 form an integral part of these financial statements.**

**Dumfries & Galloway Tourist Board**

**Cash flow statement**  
**for the year ended 31st March 2005**

|   | Notes | 2005<br>£        | 2004<br>£        |
|---|-------|------------------|------------------|
| <b>Reconciliation of operating surplus/(loss) to net cash outflow from operating activities</b> |       |                  |                  |
| Operating surplus/(loss)  |       | 31,663           | (14,423)         |
| Depreciation  |       | 58,967           | 72,373           |
| Decrease in stocks  |       | 3,741            | 4,471            |
| Decrease in debtors   |       | 194,296          | (307,077)        |
| (Decrease) in creditors   |       | (465,022)        | (221,001)        |
| Government grant released   |       | (28,254)         | (48,011)         |
| <b>Net cash outflow from operating activities</b>   |       | <u>(204,609)</u> | <u>(513,668)</u> |
| <b>Cash flow statement</b>  |       |                  |                  |
| Net cash outflow from operating activities  |       | (204,609)        | (513,668)        |
| Returns on investments and servicing of finance   | 21    | 5,379            | 15,228           |
| Capital expenditure   | 21    | (24,246)         | (2,090)          |
|   |       | <u>(223,476)</u> | <u>(500,530)</u> |
| Financing   | 21    | (6,451)          | (9,201)          |
| <b>Decrease in cash in the year</b>   |       | <u>(229,927)</u> | <u>(509,731)</u> |
| <b>Reconciliation of net cash flow to movement in net debt (Note 22)</b>                        |       |                  |                  |
| <b>Decrease in cash in the year</b>   |       | (229,927)        | (509,731)        |
| Cash outflow from increase in debts and lease financing   |       | 6,451            | 9,201            |
|   |       | <u>(223,476)</u> | <u>(500,530)</u> |
| Change in net funds resulting from cash flows   |       | (223,476)        | (500,530)        |
| New finance leases and hire purchase contracts  |       | (18,192)         | -                |
| <b>Movement in net debt in the year</b>   |       | <u>(241,668)</u> | <u>(500,530)</u> |
| Loan transferred to deferred grant  |       | 250,000          | -                |
| <b>Net funds at 1st April 2004</b>  |       | <u>53,513</u>    | <u>554,043</u>   |
| <b>Net funds at 31st March 2005</b>   |       | <u>61,845</u>    | <u>53,513</u>    |

## Dumfries & Galloway Tourist Board

### Notes to the financial statements for the year ended 31st March 2005

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

All activities of the Board derive from continuing activities.

##### **1.2. Turnover**

Turnover represents the amounts received from retail and ticket sales together with commission received from accommodation income and is stated net of value added tax.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings:

|                                  |   |                     |
|----------------------------------|---|---------------------|
| - Head Office, Dumfries          | - | over 50 years       |
| - Other land and buildings       | - | over 25 years       |
| Tenants improvements             | - | over the lease term |
| Fixtures, fittings and equipment | - | over 4 to 10 years  |
| Motor vehicles                   | - | over 4 years        |
| Computer equipment               | - | over 4 years        |

##### **1.4. Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The interest element of the lease payment is charged to the income and expenditure account over the period of the lease.

All other 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 term.

##### **1.5. Stock**

Stock is valued at the lower of cost and net realisable value, after making proper provision for obsolete or slow moving items.

##### **1.6. Capital Reserve**

The capital reserve has arisen as a result of a loan from Dumfries & Galloway Council which was converted into a grant in 1997. The terms of the grant were that should the building at Whitesands, Dumfries be sold within 10 years of the grant, the sum repayable to Dumfries & Galloway Council would reduce by one tenth of the total grant on each anniversary. The Executive Committee Members agreed that a capital reserve should be established, and each year one-tenth of the value of the grant is transferred from deferred income to this reserve, to represent the amount which will not become repayable to Dumfries & Galloway Council.

##### **1.7. Pensions**

Eligible employees of the Board are members of the Dumfries and Galloway Council Pension Scheme. The pension scheme is a funded defined benefit scheme with employee contributions fixed by statute. Employers' contributions are assessed by a qualified actuary on the basis of triennial valuations and are calculated to ensure the actuarial solvency of the fund.

## Dumfries & Galloway Tourist Board

### Notes to the financial statements for the year ended 31st March 2005

#### 1.8. Government grants

Grants received 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.

#### 1.9. Going concern

With effect from 1st April 2005, Dumfries & Galloway Tourist Board merged with VisitScotland and 13 other area tourist boards into a single integrated tourism network. All of its assets and liabilities vested in the new network as of that date.

#### 2. Turnover

|                             | 2005           | 2004           |
|-----------------------------|----------------|----------------|
|                             | £              | £              |
| Ticket sales and commission | 222,317        | 196,503        |
| Retail sales                | 201,018        | 168,515        |
| Accommodation booking fees  | 4,117          | 19,073         |
|                             | <u>427,452</u> | <u>384,091</u> |

#### 3. Cost of sales

|                  | 2005           | 2004           |
|------------------|----------------|----------------|
|                  | £              | £              |
| Ticket purchases | 208,085        | 190,757        |
| Retail purchases | 130,078        | 112,656        |
|                  | <u>338,163</u> | <u>303,413</u> |

#### 4. Other operating income

|   | 2005             | 2004             |
|---|------------------|------------------|
|   | £                | £                |
| Local authority contributions               |                  |                  |
| - Dumfries and Galloway Council             | 634,519          | 592,704          |
| VisitScotland grant and contributions       | 142,662          | 406,236          |
| Other grants                                |                  |                  |
| - Scottish Enterprise Dumfries and Galloway | 45,474           | 102,894          |
| Membership fees                             | 135,776          | 119,817          |
| Advertising                                 | 118,342          | 110,617          |
| Joint mail and promotions                   | 1,407            | 391              |
| Rent receivable                             | 2,000            | 2,000            |
| Sundry operating income                     | 1,003            | 5,061            |
| Nature Based Tourism Project                | 182,057          | 70,969           |
| Gaelforce Mediacom                          | -                | 13,454           |
|   | <u>1,263,240</u> | <u>1,424,143</u> |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

| <b>5. Operating expenses</b>                               | <b>2005</b>                 | <b>2004</b>                 |
|--|-----------------------------|-----------------------------|
|  | <b>£</b>                    | <b>£</b>                    |
| Employee related expenses                                  |                             |                             |
| - staff costs  | 657,045                     | 629,846                     |
| - recruitment and training                                 | 15,252                      | 23,323                      |
| Premises related expenses                                  | 78,598                      | 79,357                      |
| Transport related expenses                                 | 40,423                      | 34,579                      |
| Supplies and services                                      |                             |                             |
| - printing, stationery and general office expenses         | 35,082                      | 32,431                      |
| Services   |                             |                             |
| - Audit  | 2,866                       | 2,600                       |
| - E.R.D.F. audit fees                                      | 745                         | -                           |
| - Legal and professional                                   | 6,315                       | 7,576                       |
| - E.R.D.F. management fees                                 | 15,000                      | 15,000                      |
| Telephone and communication lines                          | 38,039                      | 41,043                      |
| Equipment maintenance and renewals                         | 12,463                      | 22,599                      |
| Rental of equipment  | 3,378                       | 3,589                       |
| Storage  | 3,234                       | 2,324                       |
| Conference expenses  | 1,900                       | 2,465                       |
| Miscellaneous operating expenses                           | 18,483                      | 17,519                      |
| Marketing and promotional expenses                         | 780,313                     | 1,111,748                   |
| Marketing consultancy fees                                 | 2,689                       | 25,182                      |
| Marketing grants received                                  | (678,922)                   | (768,646)                   |
| Market research and internet development                   | 41,230                      | 90,014                      |
| Ossian grants received                                     | -                           | (5,653)                     |
| Membership services  | 23,564                      | 18,086                      |
| Nature Based Tourism Project                               | 182,057                     | 70,969                      |
| Gaelforce Mediacom   | -                           | 23,354                      |
| Depreciation   | 58,967                      | 72,373                      |
| Deferred grants released                                   | (28,254)                    | (48,011)                    |
| Unrecoverable VAT  | 10,359                      | 15,462                      |
| Bad debts  | 40                          | 115                         |
|  | <u>1,320,866</u>            | <u>1,519,244</u>            |
| <br>   |                             |                             |
| <b>6. Operating surplus/(deficit)</b>                      | <b>2005</b>                 | <b>2004</b>                 |
|  | <b>£</b>                    | <b>£</b>                    |
| Operating surplus/(deficit) is stated after charging:      |                             |                             |
| Depreciation and other amounts written off tangible assets | 58,967                      | 72,373                      |
| Operating lease rentals                                    |                             |                             |
| - Plant and machinery                                      | 3172                        | 3124                        |
| - Land and buildings                                       | 12,585                      | 11000                       |
| Auditors' remuneration                                     | 2,866                       | 2,600                       |
|  | <u>                    </u> | <u>                    </u> |
| and after crediting:                                       |                             |                             |
| Government grants released                                 | (28,254)                    | (48,011)                    |
|  | <u>                    </u> | <u>                    </u> |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

|  |             |             |
|--|-------------|-------------|
| <b>7. Interest receivable and similar income</b> | <b>2005</b> | <b>2004</b> |
|  | <b>£</b>    | <b>£</b>    |
| Bank interest                                    | 8,328       | 16,940      |

The Board is only subject to corporation tax on any interest received. The interest shown above is received net, which satisfies the Board's corporation tax liability.

|  |             |             |
|--|-------------|-------------|
| <b>8. Interest payable and similar charges</b> | <b>2005</b> | <b>2004</b> |
|  | <b>£</b>    | <b>£</b>    |
| Included in this category is the following:    |             |             |
| Hire purchase interest                         | 2,949       | 1,712       |

|   |                |                |
|---|----------------|----------------|
| <b>9. Employees</b>                                       |                |                |
| <b>Total staff costs during the year were as follows:</b> | <b>2005</b>    | <b>2004</b>    |
|   | <b>£</b>       | <b>£</b>       |
| Wages and salaries  | 559,435        | 536,812        |
| Social security costs                                     | 42,321         | 38,667         |
| Other pension costs                                       | 55,289         | 54,367         |
|   | <u>657,045</u> | <u>629,846</u> |

**Number of employees**

|   |               |               |
|---|---------------|---------------|
| The average monthly numbers of employees of the Board during the year were: | <b>2005</b>   | <b>2004</b>   |
|   | <b>Number</b> | <b>Number</b> |
| Management and administration   | 45            | 40            |

At 31st March 2005 the staff numbers were split as follows:

|                               |           |           |
|-------------------------------|-----------|-----------|
| Core staff                    | 25        | 21        |
| Staff on fixed term contracts | 7         | 8         |
| Seasonal TIC staff            | 6         | 18        |
|                               | <u>38</u> | <u>47</u> |

The members of the Board receive no remuneration except for reimbursement of expenses.

## Dumfries & Galloway Tourist Board

### Notes to the financial statements for the year ended 31st March 2005

#### 10. Pension costs

Eligible employees of the Board are members of the Dumfries and Galloway Council Pension Scheme, which is a defined benefit scheme in the United Kingdom.

A full actuarial valuation was carried out at 31st March 2002 and updated to 31st March 2005 by a qualified independent actuary, using the projected unit method of valuation. The next full valuation will be at 31st March 2005.

The pension charge for the year amounted to £55,289 (2004 - £54,367). The Board paid contributions at the rate of 16.2% and member contributions were at the rate of 6%.

The major assumptions used by the actuary were:

|                              | <b>At<br/>31 March 2005</b> | <b>At<br/>31 March 2004</b> |
|------------------------------|-----------------------------|-----------------------------|
| Rate of increase in salaries | 4.4%                        | 4.4%                        |
| Rate of increase in pensions | 2.9%                        | 2.9%                        |
| Discount rate                | 5.4%                        | 5.5%                        |
| Inflation assumption         | 2.9%                        | 2.9%                        |

The assets in the whole of the Dumfries and Galloway Council Pension Fund were:

|          | <b>Long term<br/>rate of<br/>expected<br/>return at<br/>31 March 2005</b> | <b>Value at<br/>31 March 2005</b> | <b>Expected<br/>return</b> | <b>Long term<br/>rate of<br/>expected<br/>return at<br/>31 March 2004</b> | <b>Value at<br/>31 March 2004</b> |
|----------|---|-----------------------------------|----------------------------|---|-----------------------------------|
|          | <b>% per annum</b>  | <b>£(000)</b>                     | <b>£(000)</b>              | <b>% per annum</b>  | <b>£(000)</b>                     |
| Equities | 7.7   | 220,000                           | 16,940                     | 7.7   | 191,400                           |
| Bonds    | 4.8   | 76,100                            | 3,650                      | 5.1   | 71,100                            |
| Property | 5.7   | 18,700                            | 1,065                      | 6.5   | 14,400                            |
| Cash     | 4.8   | 8,800                             | 420                        | 4.0   | 11,100                            |
|          |   | <u>323,600</u>                    | <u>22,075</u>              |   | <u>288,000</u>                    |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

The net pension asset which relates to Dumfries and Galloway Tourist Board, assessed by the actuary, is as follows:

|                                     | <b>At<br/>31 March 2005<br/>£(000)</b> | <b>At<br/>31 March 2004<br/>£(000)</b> |
|-------------------------------------|--|--|
| Estimated employer assets           | 1,188                                  | 998                                    |
| Present value of scheme liabilities | 1,473                                  | 1,289                                  |
| Net pension asset                   | <u>(285)</u>                           | <u>(291)</u>                           |

**Analysis of the amount charged to operating profit**

|                        | <b>Year to<br/>31 March 2005<br/>£(000)</b> | <b>Year to<br/>31 March 2005<br/>(% of payroll)</b> |
|------------------------|---|---|
| Current service cost   | 67  | 16.7%   |
| Past service cost      | -   |   |
| Total operating charge | <u>67</u>                                   | <u>16.7%</u>  |

The projected amount credited to other finance income is:

|  | <b>Year to<br/>31 March 2005<br/>£(000)</b> | <b>Year to<br/>31 March 2005<br/>(% of payroll)</b> |
|--|---|---|
| Expected return on employer assets     | 71  | 17.7%   |
| Interest on pension scheme liabilities | (73)  | (18.2%)   |
| Net return                             | <u>(2)</u>                                  | <u>(0.5%)</u>                                       |

**Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)**

|   | <b>Year to<br/>31 March 2005<br/>£(000)</b> |
|---|---|
| Actual return less expected return on pension scheme assets                             | 43  |
| Experience gains and losses arising on the scheme liabilities                           | -   |
| Changes in financial assumptions underlying the present value of the scheme liabilities | (34)  |
| Actuarial gain/(loss) recognised in STRGL   | <u>9</u>                                    |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

**Movement in surplus/deficit during the year**

|   | <b>Year to<br/>31 March 2005<br/>£(000)</b> |
|---|---|
| <b>Surplus in scheme at beginning of year</b> | (291)                                       |
| Current service cost                          | (67)  |
| Employer contributions                        | 66  |
| Net return on assets                          | (2)   |
| Actuarial gains/(losses)                      | 9   |
| <b>Deficit at end of year</b>                 | <u>(285)</u>                                |

The history of amounts recognised in the statement of total recognised gains and losses is as follows:

|   | <b>Year to<br/>31 March 2005<br/>£(000)</b> |
|---|---|
| Difference between the expected and actual return on assets | 43  |
| Value of assets   | 1,188                                       |
| <b>Percentage of assets</b>                                 | <b>(3.6%)</b>                               |
| Experience gains/(losses) on liabilities                    | -   |
| Present value of liabilities                                | 1,473                                       |
| <b>Percentage of the present value of liabilities</b>       | <b>-</b>                                    |
| Actuarial gains/losses recognised in STRGL                  | 9   |
| Present value of liabilities                                | 1,473                                       |
| <b>Percentage of the present value of liabilities</b>       | <b>0.6%</b>                                 |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

| 11. Tangible fixed assets | Land and<br>buildings | Tenants<br>improvements | Fixtures,<br>fittings and<br>equipment | Motor<br>vehicles | Total            |
|---------------------------|-----------------------|-------------------------|--|-------------------|------------------|
|                           | £                     | £                       | £                                      | £                 | £                |
| <b>Cost</b>               |                       |                         |  |                   |                  |
| At 1st April 2004         | 1,242,603             | 57,193                  | 369,150                                | 7,415             | 1,676,361        |
| Additions                 | -                     | -                       | 42,438                                 | -                 | 42,438           |
| At 31st March 2005        | <u>1,242,603</u>      | <u>57,193</u>           | <u>411,588</u>                         | <u>7,415</u>      | <u>1,718,799</u> |
| <b>Depreciation</b>       |                       |                         |  |                   |                  |
| At 1st April 2004         | 652,076               | 20,000                  | 299,255                                | 5,870             | 977,201          |
| Charge for the year       | 15,428                | 2,860                   | 39,136                                 | 1,544             | 58,968           |
| At 31st March 2005        | <u>667,504</u>        | <u>22,860</u>           | <u>338,391</u>                         | <u>7,414</u>      | <u>1,036,169</u> |
| <b>Net book values</b>    |                       |                         |  |                   |                  |
| At 31st March 2005        | <u>575,099</u>        | <u>34,333</u>           | <u>73,197</u>                          | <u>1</u>          | <u>682,630</u>   |
| At 31st March 2004        | <u>590,527</u>        | <u>37,193</u>           | <u>69,895</u>                          | <u>1,545</u>      | <u>699,160</u>   |

Included above are assets held under finance leases or hire purchase contracts as follows:

| Asset description                | 2005                   |                             | 2004                   |                             |
|----------------------------------|------------------------|-----------------------------|------------------------|-----------------------------|
|                                  | Net<br>book value<br>£ | Depreciation<br>charge<br>£ | Net<br>book value<br>£ | Depreciation<br>charge<br>£ |
| Fixtures, fittings and equipment | 17,744                 | 7,267                       | 4,918                  | 3,095                       |
| Motor vehicles                   | -                      | 1,544                       | 1,545                  | 1,854                       |
|                                  | <u>17,744</u>          | <u>8,811</u>                | <u>6,463</u>           | <u>4,949</u>                |

Included in the net book value for Heritable Property of £575,099 shown above is the sum of £540,000 in respect of the net book value of the Whitesands Head Office and Tourist Information Centre. Of the Deferred Income per note 16, £308,516 is directly attributable to the Whitesands property. The net asset value of this property in the financial statements is therefore £231,484.

Of the Deferred Income of £308,516 attributable to this property a maximum sum of £45,000 would be repayable following a disposal, being the secured sum due to Scottish Enterprise Dumfries and Galloway.

This standard security was granted by the Board on 22nd March 1996.

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

|  |                   |                   |
|--|-------------------|-------------------|
| <b>12. Stocks</b>  | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Goods for resale   | 47,444            | 51,185            |
|  | <u>          </u> | <u>          </u> |
| <b>13. Debtors: all receivable within one year</b>                 | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Trade debtors  | 23,553            | 19,497            |
| Other debtors  | 247,709           | 449,699           |
| Prepayments and accrued income                                     | 5,516             | 1,878             |
|  | <u>          </u> | <u>          </u> |
|  | <u>276,778</u>    | <u>471,074</u>    |
| <b>14. Creditors: amounts falling due within one year</b>          | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Net obligations under finance leases and hire purchase contracts   | 6,064             | 6,451             |
| Trade creditors  | 134,901           | 217,448           |
| Other creditors  | 44,464            | 99,490            |
| Accruals and deferred income                                       | 221,170           | 552,652           |
|  | <u>          </u> | <u>          </u> |
|  | <u>406,599</u>    | <u>876,041</u>    |
| <b>15. Creditors: amounts falling due after more than one year</b> | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Net obligations under finance leases and hire purchase contracts   | 12,128            | -                 |
|  | <u>          </u> | <u>          </u> |
| <b>16. Accruals and deferred income</b>                            | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| <b>Government grants</b>   |                   |                   |
| At 1st April 2004  | 1,005,169         | 1,135,536         |
| Increase in year   | 190,063           | 547,862           |
|  | <u>          </u> | <u>          </u> |
|  | 1,195,232         | 1,683,398         |
| Released in year   | (570,767)         | (678,230)         |
|  | <u>          </u> | <u>          </u> |
|  | 624,465           | 1,005,168         |
| Creditors: amounts falling due within one year                     | (221,170)         | (552,652)         |
|  | <u>          </u> | <u>          </u> |
| At 31st March 2005   | <u>403,295</u>    | <u>452,516</u>    |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

|  |             |             |
|--|-------------|-------------|
| <b>17. Obligations under Hire Purchase and Finance Lease Contracts</b> | <b>2005</b> | <b>2004</b> |
|  | <b>£</b>    | <b>£</b>    |
| The maturity of these is as follows:                                   |             |             |
| <u>Amounts payable</u>   |             |             |
| Within one year  | 7,800       | 7,700       |
| Between two to five years  | 15,600      | -           |
|  | <hr/>       | <hr/>       |
|  | 23,400      | 7,700       |
| Less: financial charges allocated to future periods                    | 5,208       | 1,249       |
|  | <hr/>       | <hr/>       |
|  | 18,192      | 6,451       |
|  | <hr/> <hr/> | <hr/> <hr/> |
| Obligations analysed as follows:                                       |             |             |
| Within one year (note 14)  | 6,064       | 6,451       |
| After one year (note 15)   | 12,128      | -           |
|  | <hr/>       | <hr/>       |
|  | 18,192      | 6,451       |
|  | <hr/> <hr/> | <hr/> <hr/> |

The hire purchase and finance lease creditors are secured over the assets to which they relate.

Details of the assets acquired under the hire purchase and finance lease contracts are shown in note 11.

|   |             |             |
|---|-------------|-------------|
| <b>18. Reserves and reconciliation of movement in Board's funds</b> | <b>2005</b> | <b>2004</b> |
|   | <b>£</b>    | <b>£</b>    |
| At 1st April 2004   | 202,826     | 202,021     |
| Retained surplus for the year                                       | 37,042      | 805         |
|   | <hr/>       | <hr/>       |
|   | 239,868     | 202,826     |
| D & G Council loan/grant transferred to capital reserve             | 25,000      | -           |
|   | <hr/>       | <hr/>       |
| At 31st March 2005  | 264,868     | 202,826     |
|   | <hr/> <hr/> | <hr/> <hr/> |

**19. Other commitments**

At 31st March 2005 the company had annual commitments under non-cancellable operating leases as follows:

|                     | <b>Land and buildings</b> |             | <b>Other</b> |             |
|---------------------|---------------------------|-------------|--------------|-------------|
|                     | <b>2005</b>               | <b>2004</b> | <b>2005</b>  | <b>2004</b> |
|                     | <b>£</b>                  | <b>£</b>    | <b>£</b>     | <b>£</b>    |
| <b>Expiry date:</b> |                           |             |              |             |
| Within one year     | -                         | -           | 2,291        | 2,343       |
| In over five years  | 12,000                    | 11,000      | -            | -           |
|                     | <hr/>                     | <hr/>       | <hr/>        | <hr/>       |
|                     | 12,000                    | 11,000      | 2,291        | 2,343       |
|                     | <hr/> <hr/>               | <hr/> <hr/> | <hr/> <hr/>  | <hr/> <hr/> |

**Dumfries & Galloway Tourist Board**

**Notes to the financial statements**  
**for the year ended 31st March 2005**

**20. Related party transactions**

The following members of the Executive Committee were also trade members of the Dumfries and Galloway Tourist Board: Lady Vaux of Harrowden, Mr D. McMillan, Mr J. Hughes, Mr M. Hannay Mr J. Denerley and Mr G. Hood. Transactions carried out between the above Executive Committee members and the Board were not material and were conducted under normal commercial terms.

**21. Gross cash flows**

|   | <b>2005</b>     | <b>2004</b>    |
|---|-----------------|----------------|
|   | <b>£</b>        | <b>£</b>       |
| <b>Returns on investments and servicing of finance</b>        |                 |                |
| Interest received   | 8,328           | 16,940         |
| Interest element of finance lease rental payments             | (2,949)         | (1,712)        |
|   | <u>5,379</u>    | <u>15,228</u>  |
| <b>Capital expenditure</b>                                    |                 |                |
| Payments to acquire tangible assets                           | (24,246)        | (2,090)        |
|   | <u>(24,246)</u> | <u>(2,090)</u> |
| <b>Financing</b>  |                 |                |
| Capital element of finance leases and hire purchase contracts | (6,451)         | (9,201)        |
|   | <u>(6,451)</u>  | <u>(9,201)</u> |

**22. Analysis of changes in net funds**

|  | <b>Opening<br/>balance</b> | <b>Cash<br/>flows</b> | <b>Other<br/>changes</b> | <b>Closing<br/>balance</b> |
|--|----------------------------|-----------------------|--------------------------|----------------------------|
|  | <b>£</b>                   | <b>£</b>              | <b>£</b>                 | <b>£</b>                   |
| Cash at bank and in hand                   | 309,964                    | (229,927)             |                          | 80,037                     |
| Debt due within one year                   | (25,000)                   |                       | 25,000                   | -                          |
| Debt due after one year                    | (225,000)                  |                       | 225,000                  | -                          |
| Finance leases and hire purchase contracts | (6,451)                    | 6,451                 | (18,192)                 | (18,192)                   |
|  | <u>(256,451)</u>           | <u>(6,451)</u>        | <u>231,808</u>           | <u>(18,192)</u>            |
| <b>Net funds</b>                           | <u>53,513</u>              | <u>(223,476)</u>      | <u>231,808</u>           | <u>61,845</u>              |