

**Directors' Report** for the year ended 31<sup>st</sup> March 2010

The Board of Directors present their Annual Report and the audited Financial Statements for the year ended 31<sup>st</sup> March 2010.

**Principal Activities**

The principal activities of the Company continue to be the promotion of the Region in order to attract visitors from the United Kingdom and Overseas; the undertaking of product development, research and evaluation; the improvement of productivity and the representation of visitors and the industry with the ultimate aim of improving the economic climate of the Region through the visitor economy. Major activity during the year focussed upon the formation of Area Partnerships based in Carlisle and on the West Coast of Cumbria and upon the further development and promotion of the cultural, outdoor and food offerings the county has to offer. In addition the Company, with assistance from funding received from the North West Development Agency and from its own financial resources, promoted the County very heavily in the aftermath of the floods that hit in November 2009.

**Results**

The Company made a surplus for the year, after taxation, of £28,490. The accumulated surplus at 31<sup>st</sup> March 2010 was £1,528,498

**Directors**

The affairs of the Company are conducted by its Board of Directors. The names of the members of the Board of Directors who served during the year are shown below. All served throughout the period with the exception of those whose date of appointment and resignation is specifically disclosed:

Martin Hodgson, Ian George Stephens, Robert Anthony Brunskill, Kevin Victor Douglas, Eric Bell Robson, Iona Arbel Frost-Pennington (resigned 6<sup>th</sup> May 2009), Frederick Charles Green (resigned 9<sup>th</sup> June 2009), Margaret Jackson (resigned 24<sup>th</sup> June 2009), Brendan Jameson, Timothy John Knowles, Anthony James Markley, Maggie Mooney (resigned 29<sup>th</sup> January 2010), Haydn Roland Stewart Spedding, James Edward Walker, Graham Matthew Wilkinson, Nigel Wilkinson, Kenneth Michael Williams, Visit Britain, Amanda Jacqueline Dixon (appointed 6<sup>th</sup> May 2009), Marie Therese Fallon (appointed 9<sup>th</sup> June 2009), Marilyn Louise Bowman (appointed 29<sup>th</sup> January 2010)

**Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

A resolution to re-appoint Lamont Pridmore as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006.

By order of the Board

Martin Hodgson  
**Finance Director**

**28<sup>th</sup> May 2010**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBRIA TOURISM****YEAR ENDED 31<sup>ST</sup> MARCH 2010**

We have audited the financial statements of Cumbria Tourism for the year ended 31<sup>st</sup> March 2010 on pages 3 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1 the directors are responsible for the preparation and presentation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards.

**Scope of audit**

An audit involves obtaining evidence about the amounts and disclosure in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of the significant accounting estimates made by the director; and the overall presentation of the financial statements.

**Opinion of the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at the 31<sup>st</sup> March 2010 and of the company's profit for the year ended 31<sup>st</sup> March 2010.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report on by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

.....  
Graham William Lamont (Senior Statutory Auditor)

Dated: 1<sup>st</sup> June 2010

For and on behalf of:

**Lamont Pridmore  
Chartered Accountants and Statutory Auditors  
Milburn House  
3 Oxford Street  
Workington  
Cumbria CA14 2AL**

# CUMBRIA TOURISM

Registered Number: 3027358

## Profit and Loss Account

For the year ended 31<sup>st</sup> March 2010

	Notes	2010 £	2009 £
<b>Turnover</b>	1	1,450,101	940,609
<b>Partnership Funding</b>			
North West Regional Development Agency		2,615,573	4,408,968
County Council Contributions		89,500	89,500
District Council Contributions		24,300	24,000
Membership Subscriptions		209,200	205,263
		-----	-----
		2,938,573	4,727,731
		-----	-----
		4,388,674	5,668,340
Administrative Expenses		236,393	246,243
Other operating charges	2	4,139,560	5,409,733
Depreciation of tangible fixed assets		62,831	60,371
		-----	-----
		4,438,784	5,716,347
		-----	-----
			-
<b>Operating (Deficit) / Surplus</b>	3	(50,110)	(48,007)
Interest receivable	4	32,647	67,499
Interest payable	5	Nil	Nil
Capital grant release	6	53,158	55,372
		-----	-----
<b>Surplus on ordinary activities before taxation</b>		35,695	74,864
Taxation charge	7	(7,205)	(15,225)
		-----	-----
<b>Surplus for the financial year</b>		28,490	59,639
Transfer from/(to) specific reserves	12	Nil	Nil
<b>Accumulated surplus brought forward</b>		1,500,008	1,440,369
		-----	-----
<b>Accumulated surplus carried forward</b>	12	1,528,498	1,500,008
		-----	-----

### **Continuing operations**

All of the company's activities in the above two financial years are derived from continuing operations. Turnover and operating deficits or surpluses derive wholly from continuing operations. Movements in the accumulated surplus are shown in note 12

The notes on pages 6 to 9 form an integral part of these statements

# CUMBRIA TOURISM

Registered Number: 3027358

## Balance Sheet

As at 31<sup>st</sup> March 2010

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,505,228	1,546,369
		-----	-----
<b>CURRENT ASSETS</b>			
Debtors	9	1,195,834	726,372
Cash at bank and in hand		856,828	942,500
		-----	-----
		2,052,662	1,668,872
<b>CREDITORS: Amounts falling due within one year</b>	10	1,834,389	1,467,072
		-----	-----
<b>NET CURRENT ASSETS</b>		218,273	201,800
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,723,501	1,748,169
		-----	-----
<b>CREDITORS: Amounts falling due after more than one year</b>	11	195,003	248,161
		-----	-----
<b>NET ASSETS</b>		1,528,498	1,500,008
		-----	-----
<b>RESERVES</b>	12	-----	-----
Accumulated surplus		1,528,498	1,500,008
		-----	-----

These financial statements were approved by the Board of Directors on 28<sup>th</sup> May 2010 and signed on their behalf by:

M Hodgson  
Director

The notes on pages 6 to 9 form an integral part of these statements

**Cash Flow Statement for the year ended 31<sup>st</sup> March 2010**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Net Cash (Outflow) / Inflow from operating activities	(89,424)	192,034
Returns on Investments:		
Interest received	32,647	67,499
Taxation paid	(7,205)	(15,225)
Capital Expenditure:		
Payments made to acquire tangible fixed assets	(21,690)	(35,102)
	-----	-----
<b>(Decrease) / Increase in Cash</b>	<b>(85,672)</b>	<b>209,206</b>
	-----	-----
Notes to the Cash Flow Statement		
Operating (Deficit) / Surplus	(50,110)	(48,007)
Depreciation charge	62,831	60,371
Capital Grant release	53,158	55,372
Decrease / (Increase) in debtors	(469,462)	1,091,219
(Decrease) / Increase in creditors	314,159	(966,921)
	-----	-----
Net cash (Outflow) / Inflow from operating activities	(89,424)	192,034
	-----	-----

The notes on pages 6 to 9 form an integral part of these financial statements

**Notes to the Accounts**

as at 31<sup>st</sup> March 2010

1 **ACCOUNTING POLICIES**

**Basis of Accounting**

The accounts are prepared under the historical cost convention.

**Depreciation**

Depreciation is provided on tangible fixed assets at the following rates in order to write off each asset over its estimated useful life:

Freehold premises	-	40 years straight line
Fixtures, fittings and equipment	-	4 years straight line
Computer equipment	-	3 years straight line

Assets costing less than £500 are written off in the year of purchase unless the expenditure is of the extent and permanence that it is deemed to be an addition to the Company's assets.

**Turnover**

Turnover represents the invoiced amount of goods sold or services provided net of trade discounts and value added tax. The membership year runs from October and subscriptions are accounted for on an earned basis, and receipts of £98,259 (2009: £102,557) have been carried forward to the next financial year. During the year the company delivered a number of programmes and also acted as the accountable body for a number of programmes, of a non commercial nature having no effect upon the profitability of the company. The effect of these programmes was to increase turnover and other operating charges by £4,100,174 (2009: £4,529,604)

**Pensions**

Contributions in respect of the Company's defined benefits pension scheme with Cumbria County Council, are charged to the profit and loss account for the year in which they are payable to the scheme.

**Irrecoverable Value Added Tax**

The Company is subject to a partial restriction on the deductibility of value added tax on inputs calculated in accordance with a formula agreed with HM Customs and Excise. Any amount of irrecoverable value added tax is charged to administrative expenses.

**Deferred government grants**

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate

<b>STAFF COSTS</b>	<b>2010</b>	<b>2009</b>
<b>Staff costs included within other operating charges and administrative expenses are as follows: (including directors' emoluments)</b>	<b>£</b>	<b>£</b>
Wages and salaries	1,155,305	1,159,816
Social Security costs	94,887	89,809
Other pension costs	172,024	170,913
	-----	-----
	1,422,216	1,420,538
	-----	-----

The average number of persons, excluding Directors, employed by the Company in the financial year was 42 (2009:41). This includes an average of 10 persons employed on a part-time basis (2009:10)

# CUMBRIA TOURISM

Registered Number: 3027358

3	<b>OPERATING (DEFICIT) / SURPLUS</b>	<b>2010</b>	<b>2009</b>		
	<b>The operating (deficit) / surplus is arrived at after the following charges and credits:</b>	<b>£</b>	<b>£</b>		
	Directors' emoluments	208,905	191,316		
	Pension costs	172,024	170,913		
	Auditors remuneration	5,000	5,000		
	Depreciation of tangible fixed assets	62,831	60,371		
4	<b>INTEREST RECEIVABLE</b>				
	Bank deposit account interest	32,647	67,499		
5	<b>INTEREST PAYABLE</b>				
	Bank account interest	Nil	Nil		
6	<b>CAPITAL GRANT</b>				
	The grant of £450,000 received in the 2005/2006 financial year from the North West Development Agency towards the cost of building and fitting out of Cumbria Tourism's new headquarters will be released to profit and loss in line with the depreciation charge on the assets funded by the grant. (see note 11)				
7	<b>CORPORATION TAX</b>				
	Factors affecting charge for the year:	<b>2010</b>	<b>2009</b>		
		<b>£</b>	<b>£</b>		
	Standard rate of tax of 21% (2009: 21%) multiplied by gross interest received and rental income received	7,205	15,225		
		-----	-----		
	Current tax charge	7,205	15,225		
		-----	-----		
	Corporation tax is payable on gross interest received and upon rental income received.				
8	<b>FIXED ASSETS</b>				
		<b>Freehold Premises</b>	<b>Computer Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
	<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	As at 1 <sup>st</sup> April 2009	1,580,329	30,691	88,747	1,699,767
	Additions	Nil	20,103	1,587	21,690
	Disposals	Nil	Nil	Nil	Nil
		-----	-----	-----	-----
	As at 31 <sup>st</sup> March 2010	1,580,329	50,794	90,334	1,721,457
		-----	-----	-----	-----
	<b>Depreciation</b>				
	As at 1 <sup>st</sup> April 2009	82,293	15,972	55,133	153,398
	Provided for during the year	30,383	9,995	22,453	62,831
	Eliminated upon disposal	Nil	Nil	Nil	Nil
		-----	-----	-----	-----
	As at 31 <sup>st</sup> March 2010	112,676	25,967	77,586	216,229
		-----	-----	-----	-----
	<b>Net Book Value</b>				
	As at 31 <sup>st</sup> March 2010	1,467,653	24,827	12,748	1,505,228
		-----	-----	-----	-----
	<b>Net Book Value</b>				
	As at 31 <sup>st</sup> March 2009	1,498,036	14,719	33,614	1,546,369
		-----	-----	-----	-----

# CUMBRIA TOURISM

Registered Number: 3027358

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
9	<b>DEBTORS</b>	
	Debtors and prepayments	726,372
	1,195,834	-----
	1,195,834	726,372
	-----	-----
10	<b>CREDITORS: Amounts falling due within one year</b>	
	Trade creditors	57,503
	Corporation tax for the year	15,225
	Other taxation, VAT and social security	16,512
	Accruals and deferred income	1,322,992
	Capital Grant	54,840
	338,097	-----
	7,205	-----
	36,664	-----
	1,397,583	-----
	54,840	-----
	1,834,389	1,467,072
	-----	-----
11	<b>CREDITORS: Amounts falling due after more than one year</b>	
	Capital Grant	248,161
	195,003	-----
	-----	-----
	<b>Received and receivable</b>	
	At 1 <sup>st</sup> April 2009	450,000
	Receivable during the year	-
	450,000	-----
	-----	-----
	At 31 <sup>st</sup> March 2010	450,000
	450,000	-----
	-----	-----
	<b>Amortisation</b>	
	At 1 <sup>st</sup> April 2009	91,627
	Release to profit and loss account	55,372
	146,999	-----
	53,158	-----
	200,157	146,999
	-----	-----
	Net balance at 31 <sup>st</sup> March 2010	303,001
	249,843	-----
	-----	-----
12	<b>RESERVES</b>	
	Opening accumulated surplus	1,440,369
	Surplus for the year	59,639
	Transfer from / (to) specific reserves	Nil
	Closing accumulated surplus	1,500,008
	1,500,008	-----
	28,490	-----
	Nil	-----
	1,528,498	-----

Cumbria Tourism aims to hold capital assets that are sufficient to run its business, to be able to replace these when appropriate and to fully fund all of its liabilities. In addition it also aims to hold cash reserves equivalent to between four and six months worth of the company's running costs.

## 13 CAPITAL COMMITMENTS

The Company had no capital commitments as at the 31<sup>st</sup> March 2010.

14 **PENSION COSTS**

The Company participates in the Local Government Superannuation Scheme (LGPS), which is a multi employer scheme and provides benefits based on final pensionable pay. The assets of the scheme are held in a separate fund. Contributions to the scheme are charged to the profit and loss account as incurred by the Company, and are assessed in accordance with the advice of a qualified actuary. The latest valuation was carried out in March 2007 and a further valuation is to be undertaken in March 2010. At the valuation date of March 2007, the assets of the Fund fell short of the liabilities by £268m million, giving a funding level of 81%. As a member of the small admitted bodies pool within the Cumbria Local Government Scheme it is not possible to separately identify the fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit which pertain to the individual company. Entry into the LGPS for new employees ceased with effect from October 2007 with the introduction of a stakeholders pension plan administered by Legal & General. The overall pension charge for the year was £172,024 (2009: £170,913) and included a figure of £7,573 (2009: £7,189) for former employees and £4,855 (2009: £253) Legal & General. There were no contributions payable at the year end (2009:Nil)

15 **TRANSACTIONS WITH RELATED PARTIES AND DIRECTORS**

- a) In the normal course of its activities the Company enters into commercial transactions with various members of its Board's directors and entities in which these directors have an interest. These transactions are carried out at arms length and at normal commercial rates and, with the exception of those with VisitBritain, (see below) are considered by the Company to be immaterial for the purpose of the disclosure requirements of the Companies Act and the relevant Financial Reporting Standard.
- b) Transactions during the year with VisitBritain, a member of the Executive Board, were as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Sales by the Company	Nil	820
Purchases by the Company	34,932	79,092
Due to the Company at the end of the financial year	Nil	Nil
Due by the Company at the end of the financial year	Nil	Nil

16 **COMPANY STATUS**

The Company is incorporated under the Companies Act 1985 as a company limited by guarantee and therefore has no share capital. The liability of its members is limited to £1 each.

17 **CONTINGENT LIABILITIES**

During the year the company acted as the accountable body for a number of programmes of a non commercial nature having no effect upon the profitability of the company. If delivery of these programmes is not made in full by the company or any of its sub contractors there is a possibility of a financial claw back by the grant funder. The directors however, deem this a very remote possibility.