

**CUMBRIA TOURISM**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

**REGISTERED NUMBER 3027358**

**Directors' Report** for the year ended 31<sup>st</sup> March 2011

The Board of Directors present their Annual Report and the audited Financial Statements for the year ended 31<sup>st</sup> March 2011.

**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 re-structuring of the Company following the reduction of core funding previously received from the North West Development Agency which resulted in a number of redundancies.

**Results**

The Company made a surplus for the year, after taxation but before exceptional items, of £135,215. During the year the business was restructured following the loss of the core funding grant of £1.162m from NWRDA which involved a one off cost of £215,432 in respect of staff redundancies. In addition the premises were re-valued which resulted in an exceptional charge of £487,270 and a lump sum of £350,000 was made against the Company's pension deficit. The accumulated surplus at 31<sup>st</sup> March 2011 was £1,008,772.

**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 (resigned 31<sup>st</sup> March 2011), Ian George Stephens, Robert Anthony Brunskill, Kevin Victor Douglas, Eric Bell Robson, Brendan Jameson, Timothy John Knowles, Anthony James Markley, Haydn Roland Stewart Spedding (resigned 7<sup>th</sup> July 2010), James Edward Walker, Graham Matthew Wilkinson (resigned 7<sup>th</sup> July 2010), Nigel Wilkinson, Kenneth Michael Williams, Visit Britain, Amanda Jacqueline Dixon, Marie Therese Fallon, Marilyn Louise Bowman, Janet Fallon, Andrew Edward Collard.

**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.

**Auditors**

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.

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board

Ian Stephens  
**Managing Director**

**2<sup>nd</sup> June 2011**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBRIA TOURISM****YEAR ENDED 31<sup>ST</sup> MARCH 2011**

We have audited the financial statements of Cumbria Tourism for the year ended 31<sup>st</sup> March 2011 on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 and express an opinion on 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 for Auditors.

**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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of the significant accounting estimates made by the directors; 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 2011 and of the company's deficit for the year ended 31<sup>st</sup> March 2011.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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

Dated: 3<sup>rd</sup> June 2011

For and on behalf of:

**Lamont Pridmore**  
**Chartered Accountants and Statutory Auditors**  
**8 Stanger Street**  
**Keswick**  
**Cumbria CA12 5JU**

# CUMBRIA TOURISM

Registered Number: 3027358

## Profit and Loss Account

For the year ended 31<sup>st</sup> March 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	1	2,324,035	1,450,101
<b>Partnership Funding</b>			
North West Regional Development Agency		1,229,608	2,615,573
County Council Contributions		89,500	89,500
District Council Contributions		24,900	24,300
Membership Subscriptions		199,350	209,200
		-----	-----
		1,543,358	2,938,573
		-----	-----
		3,867,393	4,388,674
Administrative Expenses		201,619	236,393
Other operating charges	2	3,545,900	4,139,560
Depreciation of tangible fixed assets		52,869	62,831
		-----	-----
		3,800,388	4,438,784
		-----	-----
			-
<b>Operating Surplus / (Deficit)</b>	3	67,005	(50,110)
Interest receivable	4	19,380	32,647
Interest payable	5	Nil	Nil
Capital grant release	6	53,158	53,158
		-----	-----
<b>Surplus on ordinary activities before taxation</b>		139,543	35,695
Taxation charge	7	(4,328)	(7,205)
		-----	-----
<b>Surplus for the financial year</b>		135,215	28,490
Transfer from/(to) specific reserves	12	Nil	Nil
Exceptional items	13	(654,941)	Nil
		-----	-----
<b>Retained (deficit)/surplus for the financial year</b>		(519,726)	28,490
<b>Accumulated surplus brought forward</b>		1,528,498	1,500,008
		-----	-----
<b>Accumulated surplus carried forward</b>	12	1,008,772	1,528,498
		-----	-----

### **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 7 to 10 form an integral part of these statements

# CUMBRIA TOURISM

Registered Number: 3027358

## Balance Sheet

As at 31<sup>st</sup> March 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	8	970,352	1,505,228
		-----	-----
<b>CURRENT ASSETS</b>			
Debtors	9	340,402	1,195,834
Cash at bank and in hand		580,226	856,828
		-----	-----
		920,628	2,052,662
<b>CREDITORS: Amounts falling due within one year</b>	10	738,681	1,832,707
		-----	-----
<b>NET CURRENT ASSETS</b>		181,947	219,955
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,152,299	1,725,183
		-----	-----
<b>CREDITORS: Amounts falling due after more than one year</b>	11	143,527	196,685
		-----	-----
<b>NET ASSETS</b>		1,008,772	1,528,498
		-----	-----
<b>RESERVES</b>	12		
Accumulated surplus		1,008,772	1,528,498
		-----	-----

These financial accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the Board of Directors on 2<sup>nd</sup> June 2011 and signed on their behalf by:

I Stephens  
Director

The notes on pages 7 to 10 form an integral part of these statements

**Cash Flow Statement for the year ended 31<sup>st</sup> March 2011**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Net Cash Inflow/(Outflow) from operating activities	168,234	(89,424)
Returns on Investments:		
Interest received	19,380	32,647
Taxation paid	(4,328)	(7,205)
Capital Expenditure	(5,263)	(21,690)
Pension deficit part payment	(350,000)	Nil
Severance pay	(104,625)	Nil
	-----	-----
<b>(Decrease) / Increase in Cash</b>	<b>(276,602)</b>	<b>(85,672)</b>
	-----	-----
Notes to the Cash Flow Statement		
Operating Surplus / (Deficit)	67,005	(50,110)
Depreciation charge	52,869	62,831
Capital Grant release	53,158	53,158
Decrease / (Increase) in debtors	855,432	(469,462)
(Decrease) / Increase in creditors	(573,276)	314,159
(Decrease) / Increase in creditors – for exceptional items	(286,954)	Nil
	-----	-----
Net cash Inflow/(Outflow) from operating activities	168,234	(89,424)
	-----	-----

The notes on pages 7 to 10 form an integral part of these financial statements

**Notes to the Accounts**  
**as at 31<sup>st</sup> March 2011**

**1 ACCOUNTING POLICIES**

**Basis of Accounting**

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**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 £89,936 (2010: £98,259) 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 £2,378,671 (2010: £3,890,974).

**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

**2. STAFF COSTS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Staff costs included within other operating charges and administrative expenses are as follows: (including directors' emoluments)</b>		
Wages and salaries	1,151,675	1,155,305
Social Security costs	99,034	94,887
Other pension costs	179,191	172,024
	-----	-----
	1,429,900	1,422,216
	-----	-----

Number of directors for whom benefits are accruing under:

A defined benefit scheme	1	2
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The average number of persons, excluding Directors, employed by the Company in the financial year was 39 (2010: 42). This includes an average of 10 persons employed on a part-time basis (2010: 10).

# CUMBRIA TOURISM

Registered Number: 3027358

## Notes to the Accounts as at 31<sup>st</sup> March 2011

3	<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>2011</b>	<b>2010</b>	
	The operating surplus/(deficit) is arrived at after the following charges and credits:		£	£	
	Pension costs		179,191	172,024	
	Auditors remuneration		5,500	5,000	
	Depreciation of tangible fixed assets		52,869	62,831	
	Non-executive directors do not receive any remuneration.				
4	<b>INTEREST RECEIVABLE</b>				
	Bank deposit account interest		19,380	32,647	
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 has been released to the profit and loss account since that date in line with the depreciation charge on the assets funded by the grant (see note 11).				
7	<b>CORPORATION TAX</b>		<b>2011</b>	<b>2010</b>	
	Factors affecting charge for the year:		£	£	
	Standard rate of tax of 21% (2010: 21%) multiplied by gross interest received and room hire income received		4,328	7,205	
			-----	-----	
	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>				
	As at 1 <sup>st</sup> April 2010	1,580,329	50,794	90,334	1,721,457
	Additions	Nil	5,143	120	5,263
		-----	-----	-----	-----
	As at 31 <sup>st</sup> March 2011	1,580,329	55,937	90,454	1,726,720
		-----	-----	-----	-----
	<b>Depreciation</b>				
	As at 1 <sup>st</sup> April 2010	112,676	25,967	77,586	216,229
	Provided for during the year	30,383	11,761	10,725	52,869
	Exceptional item – Building revaluation	487,270	Nil	Nil	487,270
		-----	-----	-----	-----
	As at 31 <sup>st</sup> March 2011	630,329	37,728	88,311	756,368
		-----	-----	-----	-----
	<b>Net Book Value</b>				
	As at 31 <sup>st</sup> March 2011	950,000	18,209	2,143	970,352
		-----	-----	-----	-----
	<b>Net Book Value</b>				
	As at 31 <sup>st</sup> March 2010	1,467,653	24,827	12,748	1,505,228
		-----	-----	-----	-----

The freehold property was revalued according to a valuation provided on 6<sup>th</sup> September 2010 by Peill & Co., Chartered Surveyors, 1 Kent View, Kendal, Cumbria LA9 4DZ.



# CUMBRIA TOURISM

Registered Number: 3027358

## Notes to the Accounts as at 31<sup>st</sup> March 2011

	2011	2010
	£	£
14 <b>CAPITAL COMMITMENTS</b>	Nil	Nil

The Company had no capital commitments as at the 31<sup>st</sup> March 2011.

## 15 **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 2010 and a further valuation is to be undertaken in March 2013. At the valuation date of March 2010, the assets of the Fund fell short of the liabilities by £331 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 on an annual basis, the fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit which pertain to the individual company. However at the valuation date of March 2010, the assets of the Fund pertaining to Cumbria Tourism fell short of the liabilities by £1,060,000, giving a funding level of 77%. A lump sum payment of £350,000 was made during the year against this deficit. 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. Membership of the LGPS was terminated as at the 31<sup>st</sup> March 2011 for all remaining employees with the exception of the Managing Director whose membership is required to ensure that the scheme remains open and the "least risk" valuation deficit of £2.6m does not materialise. However if this liability were to crystallise at a point where the company did not have the necessary financial resources to settle it, the outcome could affect the company's status as a going concern. The overall pension charge for the year was £179,191 (2010: £172,024) and included a figure of £6,369 (2010: £7,573) for former employees and £11,811 (2010: £4,855) payable to Legal & General. There were no contributions payable at the year end (2010: £Nil)

## 16 **TRANSACTIONS WITH RELATED PARTIES AND DIRECTORS**

- 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.
- Transactions during the year with VisitBritain, a member of the Executive Board, were as follows:

	2011	2010
	£	£
Sales by the Company	573	Nil
Purchases by the Company	8,010	34,932
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

## 17 **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.

## 18 **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.