

VisitScotland Group Annual Report and Financial Statements

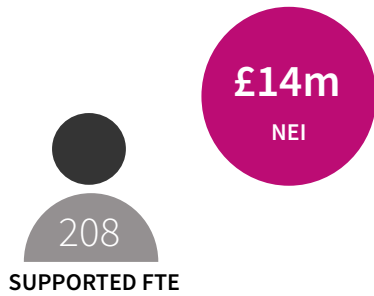
for the year ended 31 March 2020



Our highlights

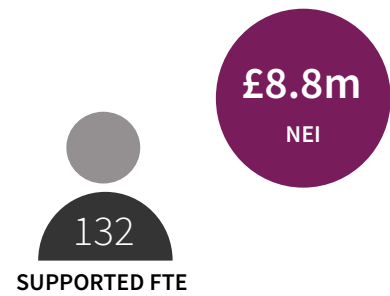
In 2019/20, VisitScotland contributed to generating the following performance outcomes for the Scottish economy;

MARKETING



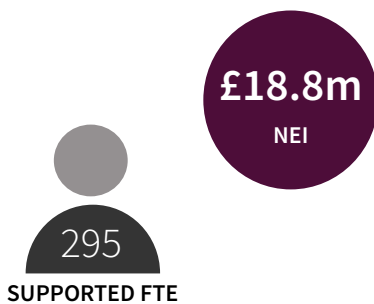
INTERNATIONAL CONSUMER
MARKETING – SHORT HAUL/EUROPE
(Jan 2019-Dec 2019)

Pillar 1
Building a Visitor Shaped Destination Brand
(pages 15 - 26)

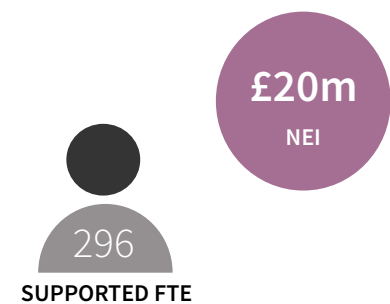


INTERNATIONAL CONSUMER
MARKETING – LONG HAUL
(Jan 2019-Dec 2019)

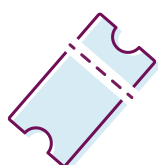
Pillar 1
Building a Visitor Shaped Destination Brand
(pages 15 - 26)



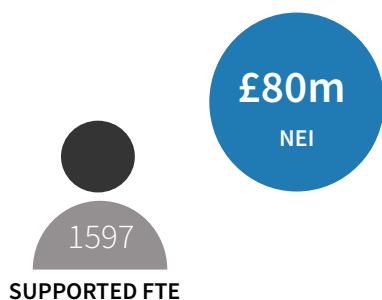
ROUTE DEVELOPMENT
Pillar 2
Investing in Scotland's tourism and events communities
(pages 27 - 37)



Rest of UK & Ireland Consumer
Marketing (excluding Scotland)
(Mar 2019-Feb 2019)
Pillar 1
Building a Visitor Shaped Destination Brand
(pages 15 - 26)

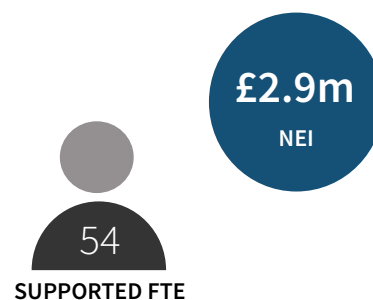


EVENTS



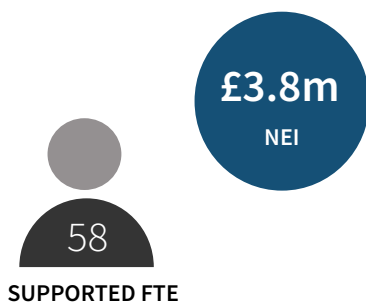
INTERNATIONAL PROGRAMME

Pillar 1
Building a Visitor Shaped Destination Brand
(pages 15 - 26)



GOLF PROGRAMME

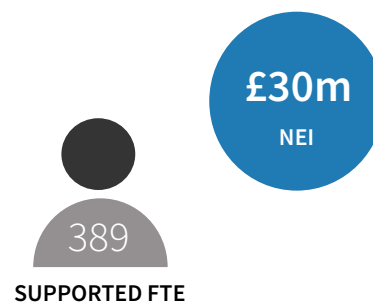
Pillar 1
Building a Visitor Shaped Destination Brand
(pages 15 - 26)



EXPO 2019

(Estimated Exhibitor impact)

Pillar 2
Investing in Scotland's tourism and events communities
(pages 27 - 37)



NATIONAL BID FUND

Pillar 1
Building a Visitor Shaped Destination Brand
(pages 15 - 26)



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Chairman's foreword



The Rt Hon. the Viscount Thurso

In adversity we have learnt new ways of working and using the positives from those lessons will help us to continue to evolve as a strong determined organisation dedicated to maintaining Scotland as a first choice for visitors both at home and from abroad.

This is not the foreword I had envisaged writing.

VisitScotland made great strides throughout the year: as a world leading national tourism organisation; as an effective partner to the many businesses that make up our dynamic industry; and as an exemplar of best practice in pushing for responsible tourism, which sits at the heart of the tourism strategy launched in March, taking the industry through to 2030; as well as in transforming the organisation through investment in new systems and communications.

It was also a year in which key achievements included VisitScotland Group incorporating a new fully owned subsidiary, 2023 Cycling World Championships, in order to deliver the inaugural event. This special purpose vehicle was established on 28 February, just as we were already beginning to grapple with COVID.

As the potential COVID risks began to emerge in February we reconvened the Scottish Tourism Emergency Response Group (STERG), bringing the industry together and supporting the work of the Scottish Tourism Alliance, The Association of Scotland's Self-Caterers and UK Hospitality, as well as many other industry groups as they worked to support their members and the wider industry.

On 23 March the country went into lockdown and 90% of the Tourism and Hospitality Industries ceased to operate. The complete cessation of most travel, all events, all leisure activity, and all but key worker provision for hotels was to have a devastating impact on workers and businesses.

It is testament to the power of partnership and the depth of understanding by both the Scottish and UK Governments, that support packages and other measures to support our businesses and workers were put in place as the situation evolved. Financial support followed, helping to keep businesses from going under and ensuring that as tourism restarted, there was accommodation, attractions and experiences for visitors to enjoy. These activities will form part of next year's report.

There is still a great deal of uncertainty and many enterprises have lost the bulk of their season. The events industry which is at the heart of Scotland the perfect stage is still shut. None should think a full restart will be easy. It will take effort and enterprise by all of us in the industry to ensure a recovery. But I am confident we will rebuild tourism, taking it beyond its successes pre-COVID. Tourism is a force for good supporting economies and people. The underlying strengths of the industry and Scotland as a leading destination are still there.

It is also an industry driven by passionate dedicated and experienced people, and in saying this I pay tribute to the leaders and workers across tourism.

I also want to pay a particular tribute to our teams at VisitScotland who moved from office to home working smoothly and efficiently and who have done so much to support and help the industry. That they were able to do this was made possible by the investment in technology and systems put in place over the previous two years as we became a cloud-based organisation.

In adversity we have learnt new ways of working and using the positives from those lessons will help us to continue to evolve as a strong determined organisation dedicated to maintaining Scotland as a first choice for visitors both at home and from abroad

We have reached out to new partners, particularly communities, to find ways of delivering tourism in a way that puts them at the heart of our work.

We had been working towards this as part of our approach to responsible tourism. This has now been accelerated and will be reflected in our plans for the coming years.

Our industry has fought back against the odds and it is now up to all of us to see that it moves on to the next stage. If we can do this then Scotland will quickly return to being a thriving visitor destination, with a set of experiences which are, and the warmth of welcome that is, the envy of the world.

Finally, I am most grateful for the support and contribution of my Board colleagues and thank them all for their commitment and wise counsel. I would particularly like to highlight the contributions of Calum Ross and Carolyn Jameson, who completed their terms of office. With my board colleagues I would like to thank Malcolm Roughead and the leadership team for all their hard work and dedication in this particularly challenging time.

Chief Executive's statement



Malcolm Roughead OBE

One thing the crisis has underscored is just how important tourism and events are; to the 207,000 people employed in the sector and the more than 14,000 businesses that make up the sector.

At the start of 2019 VisitScotland celebrated 50 years of activity, promoting Scotland as a leading visitor destination. As we entered this reporting period, we rolled out the celebrations, both within the organisation and with our industry partners.

The 1969 Tourism Act that brought VisitScotland and the other 'Visits' into existence, was crafted by legislators who identified the value of tourism and the potential it had to grow into a vital economic force for the national economy and for the economic wellbeing of communities around the country.

In 1969 the value of tourism was £100 million, employing 58,300 people, and fifty years on, 2019 proved to be a record year with £5.8 billion of overnight expenditure and day trips pushing the economic impact of tourism to £12 billion.

The Covid-19 pandemic eclipsed this impressive result, as tourism faced its greatest crisis.

This year's report begins with a summary of the activity VisitScotland undertook to support the industry at its time of need and how we worked to restart tourism, bringing visitors back to destinations across the country, as a life line for businesses and the communities that depend on the valuable income brought by visitors.

The work continues and VisitScotland will support the industry in every way we can as it recovers. After all, one thing the crisis has underscored is just how important tourism and events are; to the 207,000 people employed in the sector and the more than 14,000 businesses that make up the sector, located throughout Scotland's mainland and islands.

In this reporting period we added to the achievements made over the last 50 years. Highlights include the delivery of The Solheim Cup, the biggest women's golf event in the world. Staged at Gleneagles in September, the event attracted some 90,000 spectators to see one of the greatest shows on Earth. And again, Scotland proved to be the perfect stage delivering a superb event that captured the imagination of millions of people around the world through broadcast and media coverage.

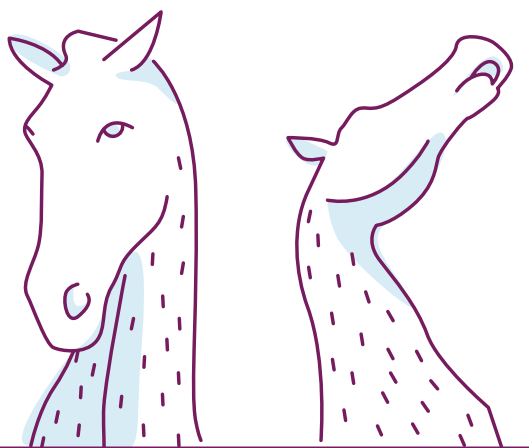
It was also the year we put responsible tourism at the heart of our work.

Rising to the challenge of the climate emergency, VisitScotland continued to promote the country in ways that not only encouraged our industry and visitors to be environmentally sustainable, but also to act responsibly.

This work has helped to usher in a new era which, amongst other things, promoted the need for respect for our communities to help lessen potential negative impacts on the people who are so vital to providing that warm welcome our country is famous for.

Given the current situation this work is more essential than ever.

Statutory background



VisitScotland shares the industry ambition of growing tourism revenues by £1bn by 2020 from a baseline of £4.5bn

STATUTORY BACKGROUND

VisitScotland was initially established as the Scottish Tourist Board under the Development of Tourism Act 1969. The Tourist Boards (Scotland) Act 2006 formally changed the name of the Scottish Tourist Board to VisitScotland. Under the 1969 Act, the principal function of VisitScotland was to encourage British people to visit and to take holidays in Scotland, and to advise Government and public bodies on matters relating to tourism in Scotland. The Tourism (Overseas Promotion) (Scotland) Act 1984 provides the authority for VisitScotland to market Scotland overseas.

VisitScotland's main office is in Edinburgh, and there is also a network of VisitScotland iCentres and local offices throughout the country.

Key strategic objectives, issues and risks

VisitScotland's core purpose, as set out in the Corporate Plan, is to deliver sustainable and inclusive economic growth throughout Scotland. In so doing, we will play a key role in delivering against the shared industry ambition as set out in Tourism Scotland 2020 of growing tourism revenues by £1bn by 2020 from a baseline of £4.5bn.

To deliver our core purpose, VisitScotland adopted the following strategic pillars for 2019/20:

- Pillar 1 - Building a visitor-shaped destination brand
- Pillar 2 - Investing in Scotland's Tourism and Events Communities
- Pillar 3 - Facilitating innovation and embracing change in a global digital economy
- Pillar 4 - Enabling good to great to world class

These strategies provide the framework for our performance measurement arrangements and our risk management framework (pages 62-69).

The key strategic risks for VisitScotland are detailed on pages 65-67. Looking forward, VisitScotland will also have to consider the following matters:

- how VisitScotland can support the industry in recovering from Covid-19
- how it maintains effective support for, and partnership with, tourism businesses
- how it maximises digital technology for the benefit of the tourism industry in the delivery of the wider economic and community benefit
- How it ensures commitment to Responsible Tourism
- how it manages the uncertainties arising from the impending departure of the United Kingdom from the European Union

The financial statements have been prepared on a going concern basis (page 57).

In delivering our strategies we have contributed to the delivery of the four pillars laid out in the Scottish Economic Strategy below:



INVESTMENT

- quality & sustainability
- national tourism development framework
- data driven



INNOVATION

- marketing partnerships
- digital/data
- discovery plan
- social media strategy
- outreach programme



INTERNATIONALISATION

- quality & sustainability
- national tourism development framework
- data driven



INCLUSIVE GROWTH

- accessible tourism
- social tourism
- national events programme
- local engagement

COVID 19 Response

VisitScotland's response to COVID-19 started immediately in March 2020.

As an early hit sector, tourism was on the frontline of the pandemic, with businesses feeling the impact acutely and immediately, closing to guests and visitors just as the spring season began.

The business support actions VisitScotland took in the early phases of the crisis included:

The reconvening of the Scottish Tourism Emergency Response Group (STERG), comprising members from across the sector and used to excellent effect during other crises, including Foot and Mouth. Part of this work included the creation of an Action Plan to guide the sector through to recovery.

Two important business surveys were undertaken early on to understand the full extent of the then emerging crisis, helping to shape the subsequent response by the Scottish Government.

Real time updates on the VisitScotland.org COVID-19 advice pages, which offer important information and signposted businesses to sources of funding. There were over 200,000 visits to this section from its launch at the start of the crisis through to preparations for reopening, including guidance for businesses on how to do this safely. This was supported by significant proactive communication to businesses to ensure that they had the most up to date information.

A frontline business support team consisting of VisitScotland's Industry Relationship Managers and Quality Tourism Advisors assisted tourism businesses in understanding the financial help available. Actively reaching out to them to ensure no business in need missed a funding opportunity.

Engagement with national partners, sharing insight and intelligence on impact and plans for reset and ultimately recovery. This included work on Good to Go, a scheme developed with the other national tourist boards in the UK, to help provide reassurance to visitors.

VisitScotland waived all Quality Assurance fees for financial year 19/20 (see note 4, p94) releasing nearly £1 million back into member businesses.

The Destination and Sector Support Fund resulted in £500,000 being invested in over 80 destination and sector groups to ensure their survival, helping them plan local recovery in line with VisitScotland's promotion activity.

VisitScotland supported the £20m Creative, Tourism & Hospitality Enterprises Hardship Fund, managed by the Enterprise Agencies as well as the Pivotal Fund, launched at the same time, with VisitScotland ensuring that full recognition was given to the key role of businesses of scale in tourism around the country.

We also worked with Scottish Government to identify gaps in support and look for solutions, including the creation of an additional fund targeted at larger hotels that had been ineligible for earlier support due to higher rateable values.

VisitScotland convened a group of industry leaders to look at the specific needs of the events sector. As the impact of the pandemic started, it became clear that the events industry did not have a single overarching body to help champion its cause. We have filled this gap, and Peter Duthie of the Scottish Event Campus is leading the new, industry-owned Events Industry Advisory Group.

This also led to the creation of a £10 million events support fund, which saw £6 million allocated to supporting the businesses in the supply chain for events, ensuring their financial survival.

We also committed to a nationwide programme of community engagement, listening to and responding to concerns about visitors returning. As part of this we developed a National Visitor Charter, encouraging responsible and Covid-safe tourism, linking with similar local pledges.

Not only did we support our 700 strong workforce to work from home, but we ensured that they were informed and inspired to support the industry throughout the crisis through daily communication from our internal communications team.

THE SCOTTISH TOURISM RECOVERY TASKFORCE

Convened by Fergus Ewing MSP, Cabinet Secretary for Rural Economy and Tourism, the Taskforce, a short-life group, was established to look at solutions for the sector. Made up of 30 key business representatives, including VisitScotland's CEO and Chairman, the Taskforce is working to deliver three workstrands: how to stimulate demand; how to boost business recovery; and an investment strategy bringing public and private sectors together.

COMMUNITIES: THE HEART OF TOURISM

Providing community reassurance about the re-opening of tourism was a priority for VisitScotland. Working through our regional leadership team and business partners, activity included meetings with community groups and local destination organisations, supporting local activity to provide reassurance that tourism would reopen in a safe way.

This included the development of a Visitor Pledge, encouraging visitors to be responsible. Many destinations created their own Pledges, which were important initiatives in demonstrating to communities the steps businesses were taking to ensure everyone would remain safe.

MARKETING: THE RIGHT MESSAGE AT THE CORRECT TIME

Whilst mainstream marketing was put on hold, VisitScotland developed and deployed a four-phase plan to first engage with our consumer audience and then to build to a point when Scotland would be ready to welcome visitors back. All this activity was developed in line with and in support of the Scottish Government's advice.

The first phase led with the powerful message of Dream Now, Travel Later. People were encouraged to stay at home and enjoy some of the very best of Scotland online. An 'Absence' film was created and links and details of tourism businesses promoting attractions virtually, or offering food and drink deliveries, were shared across all social media channels.

As lockdown restrictions began to ease the next phase of messaging, Stay Local, was rolled out, where people were encouraged to support their local communities and businesses.

Following this, as people were able to travel a little further, 5 miles, the messaging moved to encourage the rediscovery of what was on people's doorsteps; again helping to support local businesses and boost interest in enjoying more of Scotland as easing continued.

With the return of some tourism on 3 July and the further reopening of the sector on 15 July, VisitScotland launched the start of a £3 million campaign to welcome visitors back. Only in Scotland targeted people in Scotland to begin with, developing out to cover the rest of the UK in August.

The industry has and continues to show resilience in the face of the challenges brought by the ongoing crisis. VisitScotland will support our colleagues, working to help ensure the industry's successful emergence from the impact of the Covid pandemic.

CASE STUDY

Absence

On Friday 3 April, ahead of the Easter holidays, a traditionally busy time for the tourism industry, we sent out a heart-warming film to fans of Scotland, near and far, encouraging them to keep dreaming about Scotland, even when visiting wasn't currently possible. The tourism industry is facing its toughest-ever challenge and we were keen to send a message of hope for a future when the world can travel again.

Created by the team, working from their own homes, the short film was developed to remind visitors what Scotland has to offer, trigger memories of previous visits and, most importantly, remind them that while a visit wasn't possible right then, it would be in the future. Built around the idea that 'absence makes the heart grow fonder', the film featured stunning visuals from Skara Brae in Orkney to Loch Ken in Dumfries & Galloway, from Airlie Monument in Angus to Dunnottar Castle in Aberdeenshire, amongst many others.

Following on from the film, the team developed a series of new blogs to keep everyone entertained during lockdown, and engaged around Scotland, looking at favourite films and books, virtual experiences, wildlife webcams and teaching them handy Scots words.

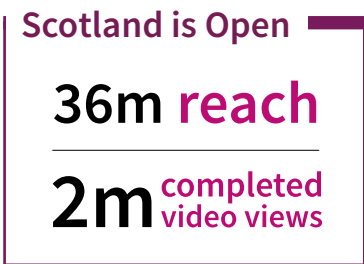
Across social media, the video achieved a reach of 2,025,277, likes of 53,972 and total video views of 723,644, while on YouTube, we've had over 39,000 views, 767 likes and a watch time of 753 hours.

Building a visitor-shaped destination brand

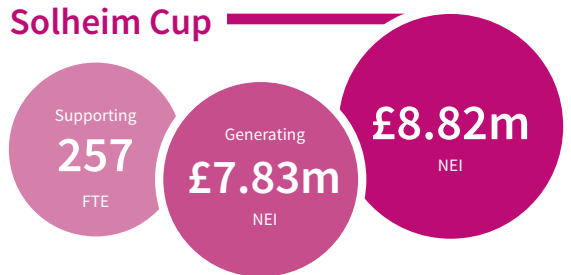
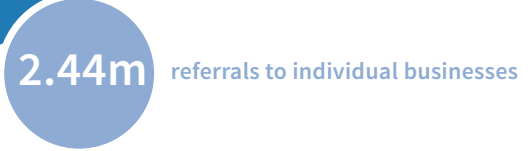
VisitScotland inspires a life-long love affair with Scotland by building long-term relationships with potential visitors. We achieve this by developing a strong and appealing national brand, supported by a set of innovative digital channels that ensure the continued growth of the visitor economy.

Through this pillar we work closely with industry and regional partners and mobilise the expansion of information, inspiration and advice to visitors. This helps to ensure that tourism is spread across our country, benefitting our communities, whether they be in cities, towns or rural locations.

We also secure and deliver unique and inspirational sporting, cultural and business events which showcase our industry's and country's talents and enhance our global reputation as the perfect stage for events.



Social media



Building a visitor-shaped destination brand

MARKETING

UK

In the UK, we ran an exciting multi-channel partnership with Stylist Magazine including a bespoke Scotland stand at their flagship Stylist Luxe event in London, plus digital, social and print activity. We also ran an interactive augmented reality activity in London train stations to raise awareness of Scotland to this key audience. Through Autumn, Winter and Spring we ran a series of contextually relevant social ads capitalising on Scotland featuring within TV programmes, generating 669k views and 62k lands. Throughout all activity we encouraged regional and seasonal spread. In addition, we ran partner campaigns with ScotRail, Loganair and Edinburgh International Festivals to encourage conversion.

EUROPE

In France and Germany, our Touring activities aimed at raising awareness of Scotland whilst encouraging regional and seasonal spread. Activities were split into two phases: one at the end of 2019 to encourage Winter/early Spring visits and the second phase at the start of 2020 to drive visits for later in the year. The phased approach proved to be very successful with 195.7k web visits and 13.5m completed video views. Additionally, we worked closely with key transport partners like DFDS, Brittany Ferries, KLM and Loganair. We also delivered B2B2C campaigns in France and Germany, aiming at raising the profile of the destination to tour operators and travel agents in market.

US

In the US, we ran activity with media partners that drive considerable reach and added value. We continued our strong relationship with broadcaster NBC, generating awareness and excitement about Scotland for consumers in New York and Los Angeles, producing 4 x 1min vignettes adverts to capture unique 'only in Scotland' experiences.

Building on a longstanding and fruitful partnership with inspirational digital travel platform Matador Network, we were on track to deliver a truly integrated campaign to inspire US adventure seekers to visit Scotland through exciting video content and a brand partner event at outdoor retailer REI's flagship store in New York. Well on track to delivering 5 million video views, we again had to pause activity midway due to the rapidly developing Coronavirus situation in mid-March, however will look to reactivate in early 2021.

Throughout all activity, filming and distribution we encouraged regional and seasonal spread, and responsible travel. In addition, we ran partner campaigns with Expedia and airline partners to encourage conversion.

EMERGING MARKETS

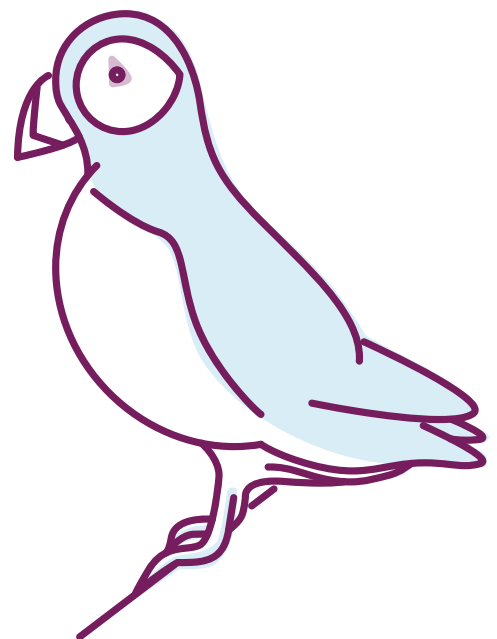
China: In 19/20 we launched our first social media campaign on Weibo (Chinese Twitter) featuring four Chinese ambassadors, who live, work or study here, celebrating what they love about Scotland. The campaign video content was watched by 3.5m people and we gained 3,200 new followers of the account.

The 2019 Business Development Mission saw 17 Scottish suppliers attend sales calls and trade events in Beijing, Shanghai and Guangzhou, making 4,280 engagements between 1-2-1 appointments, sales calls and networking sessions.

The team hosted a Scotland on Screen media event in Shanghai with 28 travel and lifestyle media showcasing film and TV locations in Scotland, using the Harry Potter 20th anniversary as a hook alongside the upcoming Bond movie. We achieved 28 pieces of quality coverage with reach of over 308 million with highlight coverage in China Daily and TTG China.

Working in partnership with London & Partners, Qatar Airways and LNER, to reinforce the ease of access from London message, we worked on joint key opinion leader activity for the first time, theming a week-long trip of Harry Potter locations in both London and Scotland. Content views stand at over 1.8m and the newly official VisitScotland Weibo account gained 1700 new followers.

Australia: In Australia we worked in partnership with HelloWorld, piggybacking on existing VisitBritain activity to deliver a further two weeks of exclusive Scotland content. This was a fully integrated campaign which included digital, press ads, in-store displays as well as access to the full HelloWorld Agent network to deliver destination training via webinar. HelloWorld is a major tourism player in Australia with both tour operator and individual trips through online and shops, so was a great opportunity for us to encourage visits, as well as educating their extensive network of agents about reasons to visit Scotland.



CASE STUDY

Connecting Scotland to the world

Our airline partners are an important part of our activities in our UK and overseas markets. As well as working with carriers on consumer activities to raise awareness of the direct routes and drive conversion, we also work closely with their in-market B2B teams which gives us access to a much wider network of key tour operators and travel agents.

As part of the Australia Sales Mission programme in October 2019, VisitScotland partnered with Qatar Airways to deliver destination training sessions in both Melbourne and Sydney. The events were all hosted at cinemas which allowed us to show Scotland on the big screen. We delivered a comprehensive hour-long training session which highlighted key themes for the FIT market including self-drive, soft adventure and the Year of Coasts & Waters, this was followed by a Q&A session with the agents and updates from Qatar Airways.

For Europe, VisitScotland and Loganair agreed to collaborate in two co-funded joint campaign activities, one of which was also supported by Hanover Airport. The campaigns were intended to focus on raising awareness for the existing Duesseldorf – Glasgow and new Hanover - Edinburgh flight routes to relevant audiences in the German market and conveying the message that Loganair is the ideal airline partner for travels to Scotland. Both campaigns consisted of a mix of social media as well as native ads to raise awareness of Scotland and encourage bookings with Loganair through retargeting.

In the US, VisitScotland has a longstanding relationship with United Airlines and their vacation arm, United Vacations. United is one of our key aviation partners providing year-round

access to Scotland from the US market, alongside 3 seasonal services. Building on the success of the joint campaign in 2019, the main objectives for 2020's activity were to increase awareness of Scotland as a "must see" destination among consumers and travel agents and operators (B2C & B2B) and to drive referrals and bookings for United Vacations packages.

Joint activities with our key airline partners in our markets have proven to be successful. Joining campaign efforts with our key airline partners will continue to be a part of our aviation strategy – even more so going forward where we will play a crucial role in supporting the aviation industry when we come out of COVID-19. We will continue to explore opportunities beyond paid campaigns by making sure we give them the support they need to (re)introduce routes.

In Australia, we were able to meet around 200 key agents and operators across the events who we hadn't engaged with previously from Flight Centre and Helloworld, the two largest tour operators in Australia. These events provided us with an excellent opportunity to build those networks as well as showing support to one of our key aviation partners.

For the European market, the campaigns with Loganair resonated very well with our target audiences in Hanover and Duesseldorf and when compared with average benchmarks, performance indicators have been extremely positive. Working with Loganair on this instance has formed the base for a steady relationship between VisitScotland & Loganair.

For the US, we are yet to complete a full review of the 2020 campaign activity internally and with the partner, United Vacations, with the rise of COVID-19 ending this campaign prematurely.

SCOTLAND IS NOW

We have continued to work with partners in the Scottish Government, Scottish Enterprise and Universities Scotland, to build our national movement 'Scotland is Now' and to leverage the power of this partnership through our pan-agency Brand Scotland team.

Web traffic to our gateway platform scotland.org grew by 28.5% (2019 vs 2018) against a target of 20%, only slowing as we entered the final quarter of the financial year 2019/20 in line with the coronavirus outbreak.

Despite the global challenges, traffic to the website continued to grow but at only 1.35% on the previous financial year, however this was also against a considerable spike in traffic in Q4 FY 2018/19 afforded by the Scotland Is Open phase 1 campaign paid media launch. The quality of web traffic remains high with referrals to partner websites growing by 42% on last year.

Additionally, with paid activity in January 2020, social media followership for our Scotland Is Now channels grew to 100,825, an uplift of 189% on last year. Engagement with #ScotlandIsNow has grown to an average 2,458 daily uses of the hashtag (out with the inactive period during the response phase of recovery), in comparison to an average 1,000 daily uses in the last financial year.

As we continue to support partners across sectors and pillars, the Scotland Is Now Toolkit has been strengthened with a total 2,518 assets published, 15,504 downloads and 2,213 registered users. This provides a wealth of collateral for those seeking to advocate on behalf of Scotland.

Our primary Scotland Is Now campaign activity was the second phase of our Scotland Is Open campaign. Scotland made a mark in March of 2019 when the first part of this campaign sought

to remind Europe that Scotland is Open and to simply and powerfully emphasise its significant points of difference.

But the conversation was not over, and as the UK left the EU on 31 January 2020 we built on the success of last year with a second phase of paid media activity to promote Scotland is Open to our priority EU markets. The result was overwhelming. Despite lower levels of investment, the foundations laid by phase one meant that the impact of phase two was even greater - one, single, organic Facebook post of the campaign film generated 2.64 million reach, 15.5k shares, 17.3k reactions, and just under a million video views.

In five days, we reached over 36 million people across our extended key markets of Germany, France, Spain, Ireland and Belgium and delivered almost 2 million completed video views from paid media alone.

DIGITAL PLATFORMS

VisitScotland.com: Total traffic to the site in 2019/20 was 21.7 million. Of that total, more than 16.7m visits were generated by organic search, an increase of 10% from the previous year. We saw increases in visits from key markets: 6% from the UK; 3% from the US; 5% from Germany; and 18% from The Netherlands. The high number of referrals to Scottish tourism businesses and partners were sustained from the previous year, with 2.44m referrals to individual businesses in 2019/20.

Social Media: Our social media channels continue to grow and over the past year our organic social media posts have reached people a total of 563m times, equivalent to an estimated £1.3m

media budget to reach the same audience through paid media. Over the year our social media followers have grown by 21% from 2.6m to 3.1m reaching 1.1m on Instagram alone. Each individual post now reaches on average 41% more people than ones published the previous year.

Regional takeovers continued with spotlights being shone on Orkney, Moray Speyside, Argyll & the Isles, Ayrshire & Arran, Fife, Perth, the Outer Hebrides and Aberdeenshire – with 3 days of dedicated activity across consumer social channels in each instance. The Aberdeenshire feature coincided with the opening of the Aberdeen Art Gallery and reached people almost a million times through Instagram Stories alone, with the feature reaching people 4.5 million times across all channels. Our social channels were also able to support and promote the Solheim Cup, Celtic Connections, Edinburgh's Hogmanay and activity from Growth Fund Groups.

CONSUMER PR

Our work with international media in our key markets of Europe, North America, China and the UK continued to amplify VisitScotland's message this year, delivering impressive coverage for Scotland as a leading visitor destination. The consumer PR team generated over 1,800 items of coverage during this period, with over 98% containing a key message about visiting Scotland. We have pro-actively sought out new tactics in the past year as a means to amplify the impact of our PR activity, taking Scotland's messages further and more loudly than ever before.

CASE STUDY

Stylist Live

Stylist Magazine's Stylist Live event runs every year showcasing lifestyle brands, fashion and beauty experiences and live speakers, all designed to appeal to the 25-40 urban female demographic. VisitScotland's partnership with the event was a first for any destination brand, allowing us to showcase all the unique & enticing attributes of a holiday in Scotland.

The VisitScotland team worked in partnership with Stylist to deliver a contemporary, interactive events experience, drawing upon the statistic that a third of people take inspiration from other people's holiday images when deciding their next trip.

To that end, the Scottish living room-themed events space was decked out with framed pictures that were actually VisitScotland's Instagram pics - amazing user-generated content that helped push the channel following over the 1 million mark. In addition, a quiz was created for guests to find out their perfect Scottish break based on which Instagram images of Scotland they found the most inspiring. Guests could also enter a competition to win a luxury break to Scotland, including a stay on Fingal, LNER first class return train travel and a Timberbush tour to Midlothian and the Scottish Borders.

There were over 5,200 visitors to the event, with around 900 engagements on stand generating valuable awareness for Scotland. The broader benefits of the partnership continue to be realised, with strengthened editorial relationships and a suite of coverage scheduled to run through the remainder of the year.

INTERNATIONAL EVENTS PROGRAMME

EventScotland is a team within VisitScotland's Events Directorate providing expertise, leadership and delivery of funding programmes that ensure Scotland continues to build on its world-renowned reputation as the perfect stage for events.

The International Funding Programme is at the core of EventScotland's business and it is through this programme of investment that EventScotland funds major world-class events that raise the profile of Scotland as a leading events destination.

Through this programme EventScotland supported 29 events in 2019/20, generating £80.1 million net economic impact, £48 million GVA for Scotland and 1,597 FTE jobs.

Among them was Scotland's part in an unprecedented year of major women's international sporting events. Over three months, we hosted six European and international sports for a summer of women's sport, kicking off with the UEFA Women's U19 European Championships in July and culminating in the biggest event in women's golf, The 2019 Solheim Cup in September.

Scotland was also host to the Women's EuroHockey Championship II, the inaugural Women's Tour of Scotland, The Aberdeen Standard Investments Ladies Scottish Open and the ICC Women's Cricket World Cup T20 Global Qualifier. Taking place across the country, the events gave everyone the chance to be part of the momentum shift behind women's sport.

2019/20 also saw our continued support of Scotland's signature events, including the Edinburgh International Festival Opening Event, which this year brought Hollywood to Hearts stadium. One of the world's most famous orchestras, the LA Philharmonic, conducted by the illustrious Gustavo Dudamel,

wowed the 15,000-capacity crowd at Tynecastle stadium with music from Hollywood's Golden Age and John Williams. Classic themes from Jaws, Star Wars and E.T. were played with gusto creating an electrifying experience for all, at this free-to-attend event.

In line with VisitScotland's commitment to inclusive growth, of the 29 events funded, 12 were held outside of Edinburgh and Glasgow and 16 were held out with the summer season, which added to the increased dispersal of visitors across the country at different times of the year.

Those events to take place outside of Scotland's two major cities included the Cowal Gathering, the largest Highland Gathering in Europe which has been held in Dunoon since 1894; Skyline Scotland, four iconic races in the Scottish Highlands and the pinnacle event on the international mountain running calendar; and Scottish 6 Day Orienteering in Strathearn, one of the world's leading multi-day orienteering events.

Seven new international events were among those funded in 2019/20. They included the Vitality Netball Superleague BIG Easter Weekender, an exciting new addition to the UK's premier netball competition calendar held at Glasgow's Emirates Arena; the thrilling IFSC European Championships - Lead and Speed at the Edinburgh International Climbing Arena, Europe's largest indoor climbing arena; and the return of international swimming to Glasgow's Tollcross Swimming Centre with European Short Course Swimming Championships.

GOLF MARKETING AND EVENTS PROGRAMME

Scotland is the Home of Golf and we are hugely proud of the work we do to celebrate this and keep ourselves ahead of the competition when it comes to staging major golf events. In 2019/20, the VisitScotland golf team successfully delivered the biggest event in women’s golf, The Solheim Cup. Attracting more than 90,000 spectators over three days the event generated £8.82 million in NEI, £7.83 million GVA and 257 FTE jobs.

Alongside hugely successful Solheim Cup, Scotland’s annual golf portfolio continued to go from strength to strength with both the men’s and ladies Scottish Opens among the top events on their respective tours.

An investment of £2.5 million was invested in these two major golf events, attracting an audience of more than 10,000 and generating £2.9 million net economic impact and supporting 54 full time equivalent jobs.

As well as supporting these events, VisitScotland successfully promoted Scotland’s golfing pedigree and unique experiences to potential visitors across the world. An example of this work is Scottish Golf Tourism Week, which took place at Fairmont St Andrews in 2019, featuring 100 international golf tour operators from 38 countries. In terms of results this represents more than 40,000 golfers playing 225,000 visitor rounds of golf annually. The Scottish golf sector was represented by 196 Scottish golf tourism exhibitors including hotels, B&B’s, golf courses and other tourism attractions and resulted in more than 4,000 face-to-face appointments as well as multiple familiarisation trips across Scotland.

Solheim Cup

3,000 hours of broadcast coverage

90,000+ spectators

£34m TV sponsorship value

1,044 volunteers

10.4m global audience

85,719 social media posts

7.7m social media video views

15,681 online press articles

4+ hours digital average viewing time

1.6m digital streaming audience

CASE STUDY

The Solheim Cup Shines in Scotland

The 2019 Solheim Cup became the highest attended women's golf event ever held in the UK with record-breaking crowds of more than 90,000 turning out to watch.

Scotland and Gleneagles provided the ultimate platform for the biggest event in women's golf, delivering on the country's pledge to take The Solheim Cup to new levels and to showcase women's sport to new audiences.

Hailed as the best-ever hosting of the event, the event also set a benchmark for staging a family-friendly and accessible golf event with more than 5,000 junior admissions and nearly 14,000 spectators taking part in golf zone activities.

Before the first tee shot was hit, more than 6,000 spectators made their way to Gleneagles for the live televised Opening Ceremony headlined by Scottish rock band Texas as part of a full day of live entertainment in the spectator village. The first tee grandstand, with a capacity of almost 2,000, also provided a thrilling atmosphere over the three days of competition with spectators filling every available seat and lining the first hole for the opening tee shots.

There was an innovative accessibility programme created in partnership with Euan's Guide, a disabled access review website and industry leader in disabled access consultation, fulfilling the event's promise of equality, experience and innovation

through everything from transport planning to on-course infrastructure and delivery. Highlights of this world-leading accessibility programme included: fully trained Access Buddies to help people with access needs; free mobility scooter hire; fully accessible on-course viewing areas; an autism friendly quiet zone; a specially designed accessible course map and multiple disabled toilet facilities including two Changing Places facilities.

A number of healthy lifestyle initiatives were promoted through the Golf Zone and on-course while The Solheim Cup Golf Development Programme also supported a host of innovative activities to encourage more women and young people into golf alongside partners including Scottish Golf and The PGA.

With more than 3,000 hours of broadcast coverage in 200 territories around the world, the thrilling event, which was won by in dramatic fashion by Team Europe captained by Scot Catriona Matthew, shone a spotlight on Perth & Kinross and Scotland as a world-class and accessible tourism destination at the cutting edge of women's sport with iconic images beamed around the world.

A number of added-value events also took place at Gleneagles in support of The 2019 Solheim Cup including Scotland's National Events Conference and the Aberdeen Standard Investments Diversity Summit. The latter, now in its fifth year, featured the likes of Judy Murray, Martina Navratilova, Eddie Izzard and First Minister Nicola Sturgeon highlighting issues of equality and diversity during the biggest event in women's golf.

BUSINESS EVENTS

The VisitScotland Business Events team plays an important role in helping drive Scotland's economic and social progress by attracting the most prestigious international conferences and meetings to our world-class convention centres, hotels, venues and centres of academic excellence.

Success in this highly competitive arena also ensures additional economic spend not only in our major cities but also across our regions and islands, and through extended stays by the visiting delegates.

An important part of ensuring this success is the Conference Bid Fund Programme, which sees the team invest in securing business events alongside partners from conference centres and Local Authorities. This year was the strongest year yet for the fund, with 19 conferences in Edinburgh, Glasgow and Aberdeen supported, including the European Society of Paediatric Gastroenterology (5,000 delegates) and the Congress of European Microbiologists (2,000 delegates), both hosted at the SEC Glasgow. From an investment of only £407,000 across seven growth sectors – life sciences, ICT & Data, creative industries, social sciences, mathematics and physics, professional studies and agriculture - the Conference Bid Fund generated £30 million net economic impact, £14.7 million GVA and supported 389 FTE jobs.

Scotland is also the place where ideas can become legend and our Business Events' digital campaign, Legends, continued its successful delivery and gain international plaudits in its final year. Legends showed Scotland as not only a world-leading destination for hosting association conferences, conventions and congresses, but also as a hub for collaboration, research and new discoveries.

Legends focused on one of Scotland's key sectors, such as technology, energy or life science, every two months, with the country's convention bureaux and regions contributing content to highlight achievements and opportunities. The content was then shared across social media using the hashtag #ideasbecomelegend, which generated more than 136 million impressions during the campaign and has generated specific enquiries worth £7 million GVA, with a known conversion to date of £2.4 million GVA. All this from a total campaign spend of just £10,000.

Another area of the team's work is the Legacy Network, which launched in June and brought together 15 organisations and institutions from across Scotland to discuss the wider impact of Business Events. This has led to the creation of the A3 Conference by the Roslin Innovation Centre, which is to be held in April 2021. Receptions for this academic strand of our work took place in Brussels, Paris and Washington DC for international associations clients, attended by Scottish Government and international agencies.

The Business Events team also continued to deliver the inspirational INNOVATETHENATION project, a series of talks representing the many areas of excellence and innovation in Scotland within the Scottish Government's growth sectors. The series brings together experts and influencers with the aim of inspiring potential ambassadors who we can support in attracting future events to Scotland's cities and regions. In 2019/20, talks included INNOVATEFOOD&DRINK and INNOVATESPACE

As well as shining a spotlight on Scotland's areas of strength, the initiative is also securing additional events, including the World News Media Congress & World Editors Forum. which was secured through the Innovate the Nation Ambassador Network, attracting 1,000 over three days to Glasgow in June

In July, TEDSummit, "A Community Beyond Borders", saw 1,000 influencers, disruptors and adventurers of all ages and backgrounds descend on Edinburgh. The first to be held outside North America, TEDSummit was the result of a successful bid by the Business Events team, host venue EICC, Convention Edinburgh and Scottish Enterprise, and with backing from the Scottish Government. Delegates extended their stays for up to two weeks either pre or post summit in order to experience the rest of Scotland through educational tours.

Business Events also drove the inaugural Travalyst Summit in February, the first formal gathering of the sustainable travel initiative of the Duke & Duchess of Sussex. Supported by Tripadvisor, Visa, Booking.com, Skyscanner and Trip.com, the EICC hosted 300 representatives of the Scottish tourism industry, with keynotes from VisitScotland's Chairman, CEO and Insights team, as well as the Duke of Sussex.



Investing in Scotland's tourism and events communities

VisitScotland provides leadership in creating Scotland's high-quality tourism product and visitor experience. Through this pillar we work to draw together investment that enables destinations, business owners and sector specialists to invest in internationalisation.

We also provide leadership in the creation of total quality destinations, which includes the provision of high-quality information to visitors where and when they need it, and in a format that meets their needs.

By working together we're boosting the reputation of Scotland's tourism and events industry as a valuable contributor to Scotland's economy, as a career of choice and as an industry that creates a set of experiences that enrich the lives of visitors and residents alike.

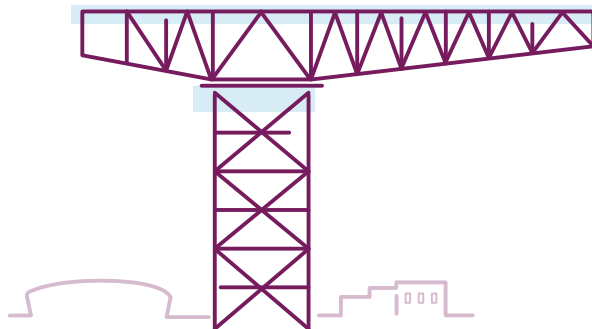
As part of this pillar we support industry partners in key strategic areas of insight, customer experience, events, marketing and digital expansion. On the latter we support businesses to develop the digital skills they need to adopt and deliver digital business practices.

Finally, we work with the industry to ensure social and economic benefits are shared across the country.

Rural Tourism Infrastructure Fund
14 projects awarded funding
across 7 local authority areas

Social Tourism
1,627 families helped
to take a short break in Scotland
to date

Information Provision
1.96m visitors
across our 26 iCentres
iCENTRE



Expo
£3.8m NEI
340 Scottish companies
106 First time exhibitors

National Events Programme

27 supported events
£1.1m NEI

Investing in Scotland's tourism and event communities

RESPONSIBLE TOURISM

The success of Scotland's tourism industry rests not only on economic growth, but in protecting the assets which are vital to Scotland's brand. Despite the many challenges we face with the climate emergency, VisitScotland recognises the opportunity to play a vital role in enhancing Scotland's credentials as one of the most economically, environmentally and socially sustainable destinations in the world. In 2019, VisitScotland established a cross-departmental group to accelerate our work in this area and ensure leadership and commitment to our responsible tourism ambitions. The group identifies opportunities and sustainable projects, encouraging all of VisitScotland's activity to be viewed through the lens of responsible destination development.

To ensure that tourism supports and benefits communities across Scotland, our marketing activity promotes strong geographical and seasonal spread, encouraging visitors to stay longer, visit all year round and explore more of what Scotland has to offer. We encourage and promote the use of low carbon transport and, through our discussions on the VisitScotland Public Transport Working Group, we identify how public transport can support Responsible tourism growth. Managing the success of tourism in hotspots across Scotland, and identifying capacity and capability is key to the success of responsible development. Working closely with the tourism industry, intermediaries, and destinations, we support and steer the growth of quality, responsible products and experiences.

As we engage and listen to the industry during Covid-19 recovery, we understand that there is an appetite for change, and an opportunity to reset tourism based on a more

responsible future. VisitScotland works closely with a wide range of industry partners, such as Green Tourism and Zero Waste Scotland, who are all planning and implementing activity to address climate change and make Scotland a sustainable destination. Together we are building momentum, through sharing expertise and insights, providing support and advice, and encouraging ambitious actions, innovation and collaboration. Through our partnership with our strategic stakeholders, such as Scotland Food and Drink, we promote our Taste our Best initiative highlighting and supporting our wonderful local producers and suppliers. VisitScotland also played a vital role in the development of the Scotland Outlook 2030 strategy, ensuring strong themes of sustainable growth targeting a responsible tourism future.

In February 2020, Scotland was identified by Travalyst (the global sustainability travel initiative led by The Duke of Sussex in partnership with Booking.com, Visa, Trip advisor and Skyscanner) to be a destination at the forefront of responsible tourism development and selected Edinburgh to host the inaugural Travalyst Summit. In partnership with VisitScotland, the summit invited over 150 tourism industry representatives to share best practice, as well as discuss the challenges and opportunities presented by the sector.

Scotland is a destination at the forefront of responsible development and we will continue to collaborate and share our respective experience along the journey with international partners including global and international agencies such as the UNWTO, Visit Flanders and Tourism New Zealand, also identified as leading in this field.

INTERMEDIARY MARKETING

Through our successful partnerships with tour operators across the world we secured 121 new and extended Scotland travel packages targeting excellent regional and seasonal spread, with regional uplifts in the South of Scotland, Ayrshire, Tay Region and North East Coast.

Winter packages of 8 to 10 nights were introduced into the marketplace in North America, featuring locations as far north as Gairloch, with weekly departures from October to April and new 'affordable' packages included Glasgow and Dundee. Film tourism continued a popular theme with new Outlander hiking packages being offered.

New, responsible travel rail itineraries with city bases also proved popular and included a new Celtic Connections package. We delivered 31 business-to-business platform opportunities for industry partners, including Business Development Missions in China, USA, Canada, and a pan-European event with buyers attending from France, Germany, the Netherlands, Spain, Italy and the Nordic countries. Other events included Fitur Madrid, Adventure World Travel Summit, US Tour Operators Association Conference, ETOA China and Destination Britain events in China and North America.

Both World Travel Market and ITB Berlin attracted the highest number of Scottish partners (18) for over 10 years, recognising the continuing importance of these B2B events for Scottish industry to engage with international buyers (ITB Berlin subsequently cancelled due to COVID-19).

Development work continued with global buyer Destination Management Companies including a Destination Discover event in partnership with Tay Region and UKInbound, involving

a B2B workshop and familiarisation trips of the region, and with 3 Scotland House events with Glasgow Life and VisitAberdeenshire.

Our B2B platforms delivered 22,059 business engagements in total, driven by 9,579 engagements at VisitScotland Expo 2019 and the increased numbers of Scottish businesses joining Business Development Missions across all markets.

INFORMATION PROVISION

iCentres: Through our network of 26 iCentres we continued to provide face-to-face advice and inspiration to visitors. In this year we welcomed 1,961,889 visitors, generated £2.63m from retail sales at the iCentres and sold £2.29m of tickets for local attractions, events and activity providers.

In May 2019 we opened our new Edinburgh iCentre on The Royal Mile. Our premises are light, open and welcoming and serve as an information hub for Edinburgh and the whole of Scotland. The more open layout puts visitors at ease and allows Visitor Service Advisors to have better conversations with them, providing more practical and inspiring information.

The network of iCentres continues to be rated very highly by visitors on Tripadvisor with 20 scoring 4.5 star rating, 5 scoring 4 star rating and Balloch achieving the full 5 stars.

Sustainability is also a key consideration and each iCentre has a Green Champion. We currently have 23 of our 26 iCentres assessed as part of Green Tourism. Thirteen attained the silver level at the last assessment and 10 achieved gold. Three of the 23 sites are joint awards, as they are share premises with network offices.

iKnow Partner Programme: We rolled out an enhanced support programme this year with enhanced workshops for local destinations. Our work continues with individual businesses as well as destination organisations and national partners. There were 1,996 active partners at the end of March 2020.

Outreach: This year we had three coo vans on the road, delivering information to visitors at 72 events. The teams were on road for 239 days and engaged with almost 30,000 visitors.

RURAL TOURISM INFRASTRUCTURE PROJECT

The increasing popularity of outstanding scenic areas, stimulated by marketing successes such as the North Coast 500, film tourism and the growth in motorhome usage, had led to rapid increases in visitor numbers in some areas, at certain times of the year.

The Scottish Government created a £6 million Rural Tourism Infrastructure Fund to address issues associated with this growth. Administered by VisitScotland, this fund is supporting sustainable, well planned, inspiring, and collaborative infrastructure projects. The focus is on improving the visitor experience, relieving pressure on rural communities and enabling visitors to enjoy Scotland's rural environment in a responsible way.

Led by Local Authorities, the types of projects supported include parking, camping facilities, waste disposal points for campervans and mobile homes, and toilet provision.

Over two competitive rounds of funding, grants from £50k, up to a maximum of £300k were available. Demand for the 2019/20 round was strong with 39 applications received and £7.2m requested in grant, more than twice the fund value. Of the 39 submissions, 14 were approved across seven local authority areas with a value of £3m, with 70% of the projects being delivered by, or involving, local communities.

CASE STUDY

Rural Tourism Infrastructure Fund – ENHANCED VISITOR FACILITIES FOR AM LAIMHRIG, EIGG

The Isle of Eigg – population of 110 – sits 10 miles off Scotland's North West Coast and is one of the Small Isles. The isle has been owned and managed on behalf of the community by the Isle of Eigg Heritage Trust (IEHT) since 1997. Eigg has experienced not just a population increase, but critically, ever increasing visitor numbers, now in excess of 10,000 a year (more than doubling in 20 years).

An Laimhrig at the pier, is home to Eigg's only shop, and post office, café, craft shop, community office and very modest toilet and shower facilities. All businesses and services (including water, electric and waste) were under ever increasing pressure to meet the needs and expectations of Eigg's visitors. Following a successful application, RTIF awarded the Heritage Trust £273,628 towards the first phase of the redevelopment of the facilities at Am Laimhrig by upgrading the waste, water and renewable energy supply and providing a separate toilet and shower block to support campers and the increasing number of visiting yachts.

The project is rooted in the local community and will improve the visitor experience on the Island, have a positive impact on the Eigg businesses and the natural environment.

AVIATION ROUTE DEVELOPMENT

Collaborative activity with Scotland's airports and our key airline partners has continued this year, with a particular focus on helping to support considerable strides in increasing connectivity with some of the world's biggest international hubs.

Dramatically increasing capacity direct into the Highlands, British Airways doubled their frequency between Heathrow and Inverness, while KLM went to triple daily from Amsterdam to Inverness through the summer season. Qatar Airways continued to grow its service from Doha to Edinburgh, laying on double dailies through summer, and in addition to Edinburgh's new Dubai service, Glasgow welcomed the addition of Emirates' A380, the world's largest commercial aircraft as one of its double daily schedule.

Delta Airlines focused on growing its Boston hub and launched a direct service to Edinburgh, while Lufthansa increased its Frankfurt service to Glasgow and Loganair reached out to connect Duesseldorf with the city.

THE CRUISE SECTOR

A new project to evaluate the opportunities presented by other modes of transportation, specifically cruise, was launched with a major study undertaken in partnership with Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Government into the opportunities and the challenges presented by cruise tourism as part of Scotland's responsible tourism development ambitions. Looking to provide insights at national, regional and local planning levels, completion of the study was interrupted by Covid-19, but will be published in summer 2020.

INCLUSIVE TOURISM

VisitScotland's inclusive tourism programme focuses attention on the potential of this important sector, both from an economic and a health and well-being perspective.

Priority this year has been showcasing the needs of three specific market segments- disabled people, seniors and families with young children. Working with individual businesses and industry groups we encouraged and supported their completion of 192 additional Access Guides, with 336 additional users completing our online accessible tourism training programme.

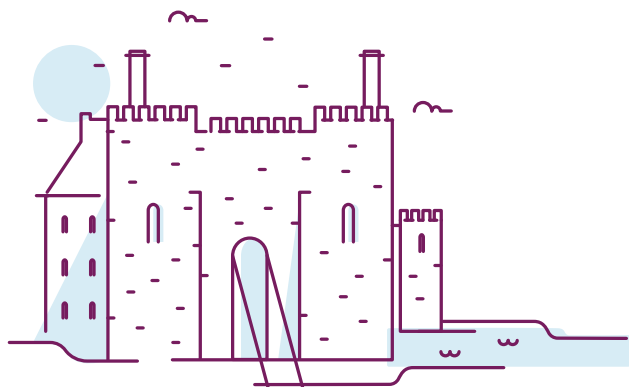
Working with Euan's Guide we produced a raft of new travel trade itineraries to inform development of familiarisation trips and other activities related to inclusive tourism, and we are developing plans with Cairngorm National Park Authority, St Andrews Tourism Group, Accessible Callander and Accessible Glasgow, all of which are looking to develop as accessible tourism destinations.

In partnership with VisitEngland and Alzheimer's UK we produced a dementia guide for businesses, launched in October 2019. The guide has already been used by groups to inform their inclusive tourism development plans, including community group Soirbheas in Drumadrochit, developing their area as a dementia friendly destination.

In the year leading up to the Solheim Cup we developed an accessibility plan to support the organisers in turn to deliver an accessible tournament. We engaged Euan's Guide for ongoing comment and advice, and feedback from the event was extremely positive, with many commenting that Scotland's Solheim Cup was the most accessible golf event ever.

In 2019 the Scottish Thistle Awards included a new category to celebrate business exemplars in the provision of inclusive tourism experiences. This year's award was presented to the Edinburgh Festival Fringe Society for their commitment to ensuring all festival goers can fully enjoy the programme of events, as well as for their championing of inclusive practices within the festivals and events arena locally and internationally.

Our social tourism programme, ScotSpirit Breaks, was initiated in 2016 in partnership with the Family Holiday Association, a national charity delivering breaks for low income families. To date over 90 businesses and organisations from across the tourism industry have enabled 1,627 families to experience the magic of a short break or day out in Scotland. That's 6,225 people, including 3,495 children – an incredible achievement only possible with the collective support of so many partners.



VISITSCOTLAND EXPO

VisitScotland Expo is the premier business-to-business event for Scotland's tourism industry, creating opportunities for businesses, from accommodation and travel providers to attractions and activities, to showcase their products and services to hundreds of tour operators and travel agents from all over the world.

This year, Expo2019 delivered a net economic impact of £2m as a result of the 540 tour operators, wholesalers, travel agents and travel media attending over the two days of qualified pre-set meetings, networking events and pre and post-event familiarisation and buying trips.

Over 30 different countries were represented, including Australia, USA, Germany, UK, China and Brazil, with buyers meeting the 340 Scottish supplier companies exhibiting the highest number of exhibiting companies in 20 years, including a strong focus on new and SME exhibitors, with 106 companies exhibiting for the first time. Feedback from buyers reflects positively on our efforts to showcase these new products, which they demand in order to innovate and keep their Scotland offering fresh.

QUALITY ASSURANCE

The exceptional standards of Scotland's tourism industry are world-renowned and we are committed to helping keep it that way. Our position as Scotland's national tourism organisation means we are ideally placed to help businesses develop these standards to the highest level possible and have a competitive advantage when it comes to attracting visitors.

Participation in the VisitScotland Quality Assurance schemes stands at 4,400 businesses. As a measure of continued investment in Scotland's tourism product it is encouraging to report that average star awards have again increased across all sectors.

86% of upgrades have been to 4 star and above, and upgrades outnumber downgrades by 3: 1 (excluding visitor attractions). In addition, 58% of new customers have scored 4 star or above.

This year we have worked closely with the Association of Scottish Visitor Attractions on the implementation of the new Visitor Attraction Quality Assurance scheme, monitoring implementation closely. Additionally we have supported businesses to achieve excellence via our 'QA For A Day' training programmes.

At a time when responsible tourism and environmental stewardship is a key consideration for visitors and businesses alike, Green Tourism participation has increased by 10.2%. Green Tourism, run by Green Business UK is a key partner in making Scotland a more sustainable tourism destination.

NATIONAL EVENTS PROGRAMME

The National Events Programme complements EventScotland's International Events Programme and plays a key role in developing domestic tourism across Scotland by supporting events, which take place outside of Edinburgh and Glasgow.

In 2019/20, 27 events were supported through the National Events Programme, generating £1.1 million net economic impact, £800,000 in GVA and supporting 16 FTE jobs.

BEACON EVENTS PROGRAMME

EventScotland's Beacon Events Programme continues to complement the National and International Programmes by investing in uniquely Scottish events taking place outside of Glasgow and Edinburgh, which generate regional tourism benefits and act as examples of best practice. Over the last 12 months, nine events were supported through the programme, generating £1.5 million in net economic impact, £900,000 GVA and supporting 22 FTE jobs.

THE SCOTTISH CLAN AND HISTORICAL FIGURES FUND

The new names Scottish Clan and Historical Figures Fund helps facilitate active participation and engagement with Scottish history, heritage and culture from overseas visitors and local communities alike. In 2019/20, 13 events were supported through the fund, generating £1.1 million in net economic impact, £700,000 in GVA and 17 FTE jobs.

SCOTTISH WINTER FESTIVAL FUND

Scotland's Winter Festivals Fund continued its support of our country's rich culture and heritage by supporting 19 events across 15 local authorities to celebrate St Andrew's Day, Hogmanay and Burns Night, significantly boosting the economy and ensuring a spread of visitors outside the traditional visitor months.

The programme for 2019/20 supported a fantastic range of event experiences from illuminations and torchlight processions to outdoor ceilidhs and specially commissioned performances, attracting 179,495 across the three National Days.

BUSINESS EVENTS TRADE PROGRAMME

Our Business Events team continued to work with partners this year to promote Scotland's credentials as an exciting host destination to international conference and exhibition owners. IMEX Frankfurt, IBTM World and IMEX America were the flagship MICE tradeshows attended this year, with between 12 to 16 Scottish partners exhibiting on the Scottish stand at the Europe events and 16 of Scotland's leading Business Events partners attending in the US. Meanwhile, reboot of activity in the critical UK market has seen greater client relationships with key corporates in London and Midlands.

The core business events activity from our key markets of North America, Germany, France, Spain and UK & I – attendance at trade shows, sales missions, buyer events, familiarisation trips and PR – generated £14 million net economic impact and £7 million GVA and supported 176 FTE jobs.

THEMED YEARS - YEAR OF COASTS AND WATERS 2020

The Events Industry Development team leads our Themed Years programme. Launched on 10 April, Scotland's Year of Coasts and Waters (YCW2020) took centre stage at VisitScotland Expo with the announcement of six initial supported events and two giant stilt-walking mermaids inspiring the tourism industry, media and over five-hundred travel trade attendees to look forward to the year ahead.

Throughout 2019, the tourism industry maximised the opportunity of the new three-year delivery model to shine a spotlight on their businesses. From accommodation providers to adventure tour companies, visitor attractions to regional destinations – the enthusiasm from the sector was demonstrated through the creation of a range of YCW2020 themed activity.

VisitScotland showcased the year across its own channels including newsletters, social media and website, while a brand-new content partnership with National Geographic celebrated our vibrant YCW2020 themed natural and cultural heritage, reaching audiences across Europe.

Encouraging responsible tourism and safe engagement with Scotland's waters was also at the heart of the year and the events programme. Working in partnership with a range of organisations VisitScotland provided guidance and advice to ensure the protection of Scotland's waters for years to come.

Cabinet Secretary, Fiona Hyslop marked '50 days to go' on 13 November with a further 30 supported events announced including canal carnivals, coastal rowing voyages, thrill-seeking endurance activities and coastal inspired opera and art.

The supported events programme kicked-off in January with Storm - a ten-metre-tall mythical goddess taking to the streets of Glasgow as part of Celtic Connections. StAnza Poetry Festival in March also delighted audiences with its Coast Lines programme and over 126 events had registered to join the YCW2020 partner programme. In March 2020, Covid-19 had an immediate impact on Scotland's celebratory year with the events programme postponed and campaigns paused. The year will now extend into 2021.

SCOTTISH THISTLE AWARDS

Dubbed Scotland's tourism Oscars, the Thistles is delivered by the Events Industry Development team in partnership with an industry panel to help to raise the standard of excellence in the tourism industry. The Awards received 624 entries from Scottish tourism businesses across a range of categories and brought together 982 attendees at the Regional and National events. The team behind the 2019 Solheim Cup was given a special recognition award and Brigadier David Allfrey, the out-going Producer and CEO of The Royal Edinburgh Military Tattoo, was presented with The Silver Thistle Award for services to Scottish Tourism.

CASE STUDY

The Power of Partnerships

From large organisations supporting the year through their networks to small businesses using #YCW2020 across their social channels and partner organisations celebrating YCW2020 through dedicated funding opportunities - the spirit of collaboration has been at the heart of Scotland's Themed Years success.

Historic Environment Scotland launched a grants scheme for community-based projects celebrating coastal and waterway heritage and YouthLink Scotland revealed a new small grants programme to support young people to get involved in the themed year.

Museums Galleries Scotland welcomed YCW2020 themed applications through their Small Project Fund and Museum Development Fund, Scottish Natural Heritage marked the year with the launch of Plunge In! The Coasts and Waters Community Fund, offering a range of grants for community-led ideas connecting more people with Scotland's waters and wildlife, and The National Lottery Heritage Fund supported five new projects addressing the sustainability of Scotland's seas and inland waterways and their habitats.

CalMac Ferries made a splash through a variety of inspiring content partnerships, as well as providing support for YCW2020 supported events including Ferry Tales and River of Light, and Scottish Water also marked the year as part of their 'Your Water, Your Life' campaign encouraging visitors and locals alike to top up from the tap using YCW2020 branded water bottles.

Highlands and Islands Enterprise, Scottish Tourism Alliance and the Association of Scottish Visitor Attractions supported the industry to get on board with the opportunity through webinars, conference content and practical tips.

West Coast Waters - a collaboration of Destination Management Organisations and tourism organisations collectively representing over 2,500 tourism interests across the west coast also celebrated the year through a range of campaigns, itineraries and paid promotion.

EVENTS INDUSTRY DEVELOPMENT

The Events Industry Development team delivered a strong programme of events industry development activity was delivered during 2019/20 which included the flagship National Events Conference and associated Solheim Cup Activation Programme. 2019/20 also saw delivery of a popular series of local industry engagement workshops in Glasgow, Borders, Dundee and Aberdeen and industry development seminars covering topics such as Incident Management and Sustainability. This programme of activity responds to the need for leadership, co-ordination and the sharing of best practice as part of the delivery of our national events strategy: Scotland the Perfect Stage.

SOUTH OF SCOTLAND ENTERPRISE AGENCY

In line with the Programme for Government, VisitScotland has had a specific focus on the South of Scotland. In support of the South of Scotland Economic Partnership, the Chief Executive was appointed as a Board member and the Director of Industry and Destination Development is a member of the Executive Group. VisitScotland led on the development of the tourism strategy for the area and delivery of a two-year destination marketing campaign #SeeSouthScotland.

Industry development and support: Following a 2 year period of strategic and operational support a number of projects have been delivered by VisitScotland including the creation of a new industry led South of Scotland tourism leadership group, South of Scotland Destination Alliance (SSDA) who with the support of VisitScotland have secured a five year funding programme to support tourism, destination marketing and development with a total programme value of approximately £4million between 2020-2025.

Destination Marketing – SeeSouthScotland: Following the success of the initial investment of £500K in destination marketing activity for the South of Scotland a second business case proposal was approved to execute a phase 2 building on the successful use of paid digital campaigns.

Phase 2 involved another first for the South of Scotland – the development of a strategic three-way partnership between Expedia, Channel 4 and VisitScotland. The campaign was launched in early March 2020 – 2 weeks before COVID-19 lockdown was announced. The #seesouthscotland was the first time ever that Dumfries & Galloway and the Scottish Borders have been marketed together on national TV.

The campaign focused on 3 key themes of food and drink, creative & culture and adventure and outdoor active – this allowed us to continue to showcase the regions world-class coastal and forest activities, dark skies, walking, cycling and the Galloway and Southern Ayrshire Biosphere but also add depth to the overall holiday experience by showing even more products delivered by our tourism heroes – the adverts all feature the owners and passionate people who work in those establishments.

Going forward, the volume on #SeeSouthScotland will gradually turn down as the volume from the new South of Scotland place brand – Scotland Starts Here, gets louder. SSDA through the facilitation support paid for by the Programme for Government (PfG) funding have written an excellent five destination development and marketing strategy and will have the opportunity bid in for up to £500K per annum for marketing activity for the next five years.

The momentum started by the PfG investment is now protected and supported to grow in return on investment for at least the next five years.

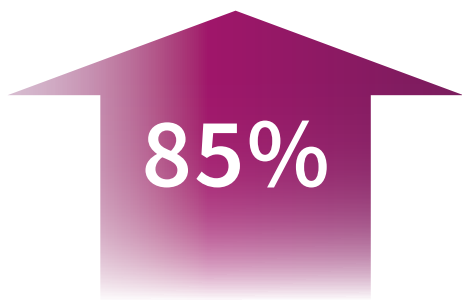
Facilitating innovation and embracing change in a global digital economy

VisitScotland drives innovation across the industry by providing insight on trends and development, and through the creation of leading digital platforms used by our skilled industry to create more business opportunities.

Our collaboration with, and empowerment of, industry innovators is bringing new technology and ideas to the fore, which enhances the visitor journey and experience. We are also supporting businesses by providing intelligence and insight and, by drawing together data sources, enabling informed strategic investment decisions.

All of this enables businesses and destinations, to develop Scotland's tourism offer.

visitscotland.org

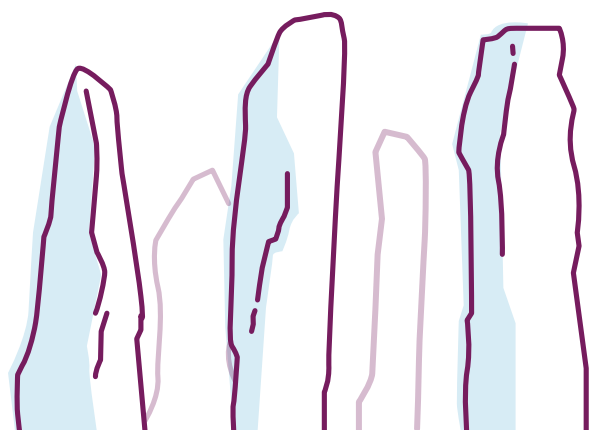


Increase in new users

Digital Tourism Scotland



Growth Fund



Facilitating innovation and embracing change in a global digital economy

VISITSCOTLAND GROWTH FUND

The VisitScotland Growth Fund supports collaborative tourism marketing projects that drive growth in the visitor economy. The fund is a platform that supports groups in leveraging additional and focused marketing investment, stimulates collaboration within the industry and drives closer strategic alignment with VisitScotland.

During 2019/20 there were 23 live Growth Fund projects, with a total of £260,000 awarded to tourism groups to deliver integrated marketing campaigns.

Examples of projects supported in 2019/20 include the West Coast Marine Tourism Collaboration awarded £40,000 for their West Coast Waters campaign, Visit South West Scotland awarded £20,000 for their South West Coastal 300 campaign, Visit Inverness Loch Ness awarded £21,500 for their Inverness Influencer Lodge campaign and £15,000 awarded to Visit West Lothian/Visit Falkirk for their Film on Forth campaign.

CASE STUDY

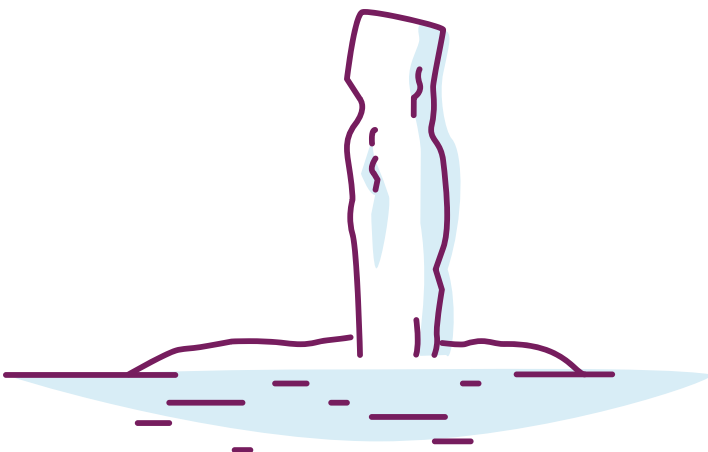
West Coast Waters

This marketing campaign is a significant collaboration of 22 west coast DMOs along with Sail Scotland and Wild Scotland representing over 2,500 tourism interests across the west coast of Scotland that was supported with a £40,000 award from the VisitScotland Growth Fund.

The West Coast Waters campaign was created to encourage people to celebrate the stunning west coast of Scotland, by getting in the water, on the water or being near the water. The perfect tie in to VisitScotland's Year of Coast and Waters 2020, but specifically recognising the diverse landscapes and wealth of activities the west coast offers.

The group created a wide range of content including video and photography which focused on raising awareness of the wide range of water-based activities across the west coast destinations, which was then promoted across paid social media platforms.

A number of influencer trips took place to highlight the breadth of west coast activities and destinations, with blogs and videos being created as a result of these trips. An industry toolkit was also rolled out to partners to help them engage more effectively with the campaign.



DIGITAL SKILLS SUPPORT

The Digital Tourism Scotland project completed its planned activities in June 2019, with the legacy website www.digitaltourismScotland.com moving to the management of VisitScotland.

Despite the significant interventions achieved through DTS, feedback from industry and from our own experience of the pace of technological change and resultant changes in visitor behaviour, points to the continued requirement to support industry in adopting digital tools and, particularly in the experience sector, in selling their product online.

Building upon the DTS website platform, further content has been added, including “understanding the user journey”, “Online travel agents: top tips and how to engage” and “How to be discoverable and bookable”. Already this content is reaching its target audience, with 7,566 sessions on the site, 68% of those by new visitors. This performance will be further enhanced with the DTS site merging with our VisitScotland.org B2B site, when it will benefit from the much greater user traffic it generates.

1-2-1 support for tourism businesses has continued via our programme of digital business surgeries, while a new Digital Fundamentals programme piloted successfully in partnership with Business Gateway in the Highlands and Dumfries & Galloway, tightly targeted to those businesses at a basic level of digital adoption and with no online booking functionality.

Both workshops were a sell-out, as was our brand new conference, Ctrl+Alt+Succeed2019, which was aimed at the experience sector and brought together 10 of Europe’s and the US’ foremost suppliers of web booking solutions, alongside

Digital Tourism Programme*



Scotland's more accomplished tourism industry practitioners, all with the aim of supporting development in the area of online booking and distribution.

Scotland now has 600 bookable experiences, with considerably more products distributed through online travel agents.

VISITSCOTLAND.ORG

VisitScotland.org continues to serve as the digital hub for Scotland's tourism and events Industry and it plays a critical role in growing Scotland's visitor economy. This essential resource for the tourism industry provides business advice, research and insights on tourism trends, along with information on a range of topics including responsible tourism, Quality Assurance and of course, COVID-19.

This past year has seen some major milestones. The EventScotland website, EventScotland.org, was relaunched as part of VisitScotland.org in December 2019 with new and improved features making it even easier for Scotland's events industry to access support and apply for funding. In the month following the launch (compared year on year) there was an 85% increase in new users. We also saw funding enquiries double.

In May 2020, we migrated the Digital Tourism Scotland (DTS) website within VisitScotland.org. This work was pulled forward by three months in as part of our COVID-19 response programme. As soon as Scottish businesses were ready to prepare for re-opening, we were ready to support them in developing their approach to fit the new normal. The digital skills section has achieved almost 4,000 views in just two months.

And that's not all for VisitScotland.org - alongside these site integrations, we've lots more planned to help us take the website from good to great to world-class. The number of tourism businesses who engage with VisitScotland online has increased in recent years, reflecting the growing demand for digital information. Our website has been designed with the tourism industry at its heart to provide a collaborative, informative and interactive platform to engage with the us.

DIGITAL MEDIA LIBRARY

Our Digital Media Library was launched in October 2018 and contains a broad range of high-resolution images from across Scotland. Since then we have supported 1000s of businesses by providing digital assets for their own promotions.

As of the end of this reporting period we have 4,316 registered users and well over 20,000 image and video assets. Businesses specialising in the visitor market and promoting tourism in Scotland can apply for access to our Digital Media Library. Once businesses have signed-up they can access and download images and video footage, free of charge, for promotion of Scotland as a visitor destination.

TOTAL QUALITY DESTINATION/VISITOR EXPERIENCE INSIGHT

VisitScotland's Quality Assurance schemes open to accommodation providers, visitor attractions, activities and food and drink providers offer an independent quality assessment, guidance and advice

To complement that core activity, VisitScotland successfully collaborated with TCI Research in 2019 to deliver three pilot projects providing rich insight into the visitor experience in Scotland. Using a mix of visitors' reviews and social media content, intelligence and insights are applied to identify gaps and opportunities in the quality of the visitor experience in Scotland.

Although paused for 2020 it is anticipated that this project will restart in 2021.

REGIONAL SUPPORT AND DEVELOPMENT

In 2019 VisitScotland continued to work closely with Local Authorities, destination organisations and tourism groups. Engagement was focused around supporting local and regional tourism strategies review and development, sharing and presenting sector insights and trends, providing information on VisitScotland marketing plans and activities and identifying opportunities for partnership working and engagement. Seeking feedback and input from our stakeholders is a key element of this activity to help inform future VisitScotland work.

CASE STUDY

tourism and the film and creative industries

Scotland has featured in many starring roles on the large and small screen for decades, with its stunning landscapes and locations beamed into cinemas and homes around the world.

This global advertisement for the country presents the ideal opportunity to turn film fans into potential visitors, and over the past 13 years we have continually developed our expertise in this area.

Extensive research shows one in five visitors now come to Scotland having been inspired by locations they have seen on film or TV. Our partnerships with major distributors and broadcasters such as Sony Pictures Entertainment, Universal Pictures, Studio Canal and Netflix have resulted in extensive and successful PR and marketing campaigns.

Recently, the popular Outlander TV series has created a particularly strong impact on Scottish tourism, heritage and culture, with fans from across the globe keen to explore the locations as well as Scotland's 'real' history. This has also provided the perfect platform for us to work in partnership with many tourism businesses, local authorities and destination organisations to optimise interest around The Outlander Effect - and on a wide range of other TV series and films which are shot on location across the country. Our knowledge within this field has been widely recognised within the film, creative and academic sectors, with VisitScotland regularly featured in national and international studies and conferences in 2019.

Enabling VisitScotland: good to great to world class

This supporting pillar of the Strategic Framework focuses on the ambition to continue to enhance our reputation as a world leading national tourism organisation. Through digital transformation in the way we work and do business and the way we promote Scotland to visitors, through to the way we support the industry and develop our insight and research in a way that contributes to growth in the visitor economy, we are well into our journey to move from good to great to world class.

Our people are key stakeholders in the creation of a world class organisation. They are our most valuable asset, with each and every employee having a voice and the power to make a real difference. This fact is the central premise of Our People Strategy.

Enabling VisitScotland: good to great to world class

CHALLENGES IN 2020

2020 has presented a challenge we could never have forecast. Our workforce was transformed overnight from an office-based environment to one working, successfully and productively, from home. Our support for staff has focused on their continued productivity, wellbeing and health during the pandemic. VisitScotland will continue to be responsive to the situation and support our people ensuring they continue to deliver for VisitScotland, and Scotland.

FINDING AND RETAINING THE BEST PEOPLE

The VS Way captures our culture and working life at VisitScotland. We are using the VS Way and related collateral and content, to tell our story. We aim to attract new talent and retain our staff with the skills and experience we need to deliver our goals and objectives. Working with various channels, including LinkedIn, academia and our own corporate website, we reach out and communicate the VS Way story to those with an interest in working for us.

We continue to attract talented and experienced employees from a variety of backgrounds and are proud of the diverse nature of our workforce and our inclusive culture at VisitScotland. We aim to promote our network of regional offices and agile working culture to encourage employment opportunities across Scotland. With a greater emphasis on career development, we remain committed to job moves, project opportunities and employing our people in roles that provide variety, stretch and development.

NURTURING OUR TALENT

Talent management has been implemented across the business, identifying the performance and potential for each member of staff. Employees are encouraged to design a structured career plan and take advantage of the vast range of formal learning and experiential development opportunities offered by the business. We have continued our learning partnership with LinkedIn Learning and the Open University providing employees with access to a wealth of learning pathways and materials. We continue to invest in Graduates and Modern Apprentices and are committed to the Career Ready programme, helping young people from deprived backgrounds get ready for the workplace. Our work in youth employment has been recognised once again by the retention of our Gold Standard Investors in Young People Award.

MANAGING CHANGE

We focus on ensuring we have the right people, in the right place, with the right skills and behaviours. We seek efficiencies and shape our workforce aligned to our Strategic Framework. We have also invested in shaping a greater range of technical and digital roles, reflecting the need to resource the digital transformational projects pending and underway.

EQUALITY OF OPPORTUNITY

In 2019 we published the latest version of our Public Sector Equality and Diversity Mainstreaming Report. We have continued our commitment to equality and diversity activities attaining a 'Carer Positive' award and 'Disability Confident' committed status. We are an inclusive employer and facilitate a number of equality & diversity groups including LGBTI, non-visible disabilities, carers, parents and an international employee group addressing the day-to-day support needed for non-UK EU workers employed across the business.

EMPLOYEE ENGAGEMENT

The VisitScotland Employee Engagement plan, the VS Way, is an integral part of our People Strategy and sets out VisitScotland's commitment to employee engagement through a clear set of defined aims and objectives. It is crucial in taking the steps to achieve a more engaged workforce. Driven, and owned, by staff from across the business, our engagement activities include the introduction of a variety of initiatives/opportunities for staff including talent management, mental health awareness, volunteering, mentoring, management development, flexible working through the introduction of compressed hours and employee recognition through the VisitScotland VS Way Awards.

Six over-arching objectives have been identified taking into consideration feedback from staff survey and now form our staff engagement plan - The VS Way.

	Focus Area	Objective
1	Career	Ensure VisitScotland is an Employer of Choice, attracting, developing and retaining a talented and skilled workforce
2	Connect	Grow excellent leaders and managers across the organisation to support staff engagement and business success
3	Clarity	Aligning our strategy framework to each directorate, department and individual to provide all staff with an understanding of their contribution
4	Communicate	Provide the mechanisms to establish, support and encourage an Employee Voice within the organisation
5	Congratulate	Recognise, acknowledge and celebrating success which supports achievement of the organisations goals
6	Care	Further develop and drive forward proactive wellbeing, and a safe and healthy work environment.

Key performance indicators

VisitScotland's success in delivering sustained benefits to the Scottish economy is supported by a number of performance measures that are developed and reviewed each year. Achievements against these measures are reported to the Board members and Directors regularly throughout the year.

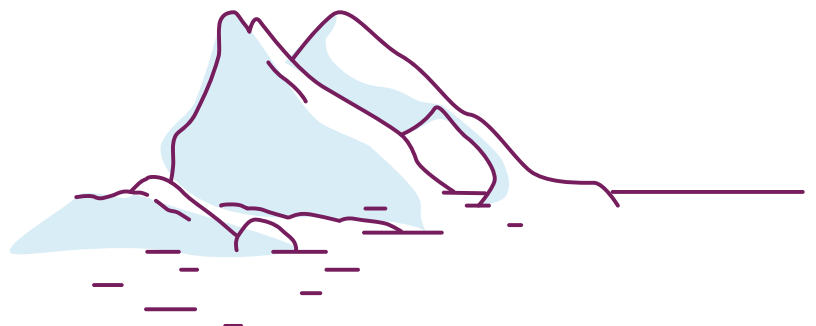
ECONOMIC PERFORMANCE

The basis of VisitScotland's principal Key Economic Performance Indicators is derived from our Economic Measurement Framework, which has four economic measurement indicators, as follows:

- Gross economic activity - the monetary value of all economic activity related to or associated with an intervention.
- Net economic impact (direct) – new money in the economy that would not have happened without the VisitScotland intervention.
- Gross Value Added (“GVA”) (direct, indirect, induced) - this is the economic value added in a business when transforming inputs (things bought-in) into outputs (sales).
- Full Time Equivalent (“FTE”) jobs supported (direct, indirect, induced) – full time equivalent jobs supported in Scotland's economy.

The table overleaf provides the net economic activity of VisitScotland assisted activities and projects in 2019/20. The NEI assessment has been prepared using VisitScotland's Economic Measurement Framework² which accords with best practice economic appraisal and evaluation guidance³.

An Economic Measurement Report will be completed in early 2021.



VisitScotland Interventions	Gross Economic Activity £m	Net Economic Impact (Direct) £m	GVA (Direct, Indirect, Induced) £m	FTE Jobs Supported (Direct, Indirect, Induced)
Consumer Marketing				
International Consumer Marketing – Short Haul/Europe (Jan 2019– Dec 2019)	£176.2	£14.0	£9.1	208
International Consumer Marketing – Long Haul (Jan 2019– Dec 2019)	£110.1	£8.8	£5.7	132
Rest of UK & Ireland Consumer Marketing (Mar 2019– Feb 2020)	£215.6	£20.0	£13.0	296
Scotland Consumer Marketing (Mar 2019– Feb 2020)	£160.9	£1.2	£0.7	17
Consumer Marketing Total	£662.8	£44.0	£28.5	653
EventScotland				
International Programme	£157.8	£80.1	£48.0	1,597
Beacon Programme	£5.5	£1.5	£0.9	22
National Programme	£10.1	£1.1	£0.8	16
Golf Programme*	£2.3	£2.9	£0.8	54
Clan Events	£5.0	£1.1	£0.7	17
Scotland's Winter Festivals	£7.6	£1.4	£0.9	21
EventScotland Total	£188.3	£88.1	£52.1	1,727
National Bid Fund				
National Bid Fund (19 conferences supported in 2019/20)	£50.0	£30.0	£14.7	389
Route Development				
Route Development	£48.8	£18.8	£13	295
Expo 2019				
2019 Exhibitor Impact (Estimated)**	£7.2	£3.8	£2.4	58
Scottish Golf Tourism Week (St Andrews)				
2019 Exhibitor Impact (Estimated)	£2.9	£1.9	£1.2	29
2018 Exhibitor Impact (Confirmed)	£1.3	£1.0	£0.6	15
Quality Assurance Scheme				
Quality Assurance (2017-2019) (Includes investment in facilities; Fittings; Staff Development; IT; Marketing & Other')	£413.6	£9.1	£6.3	142

* Future Impacts for 2020 & 2021 excluded due to COVID-19

** Solheim Cup included in International Programme

*** Expo 2020 and NEI survey work was cancelled. Expo 2019 'actual' impacts could not be confirmed.

¹ For some interventions, the measurement period does not align with the financial year. Precise dates are provided for the instances where this occurs.

² Developed alongside Scottish Government Economists

³ HM Treasury Green Book Guidance.

Key policy objective

NATIONAL POLICY CONTEXT

VisitScotland provides a significant contribution to Scottish Government's economic development objectives. This section demonstrates how VisitScotland contributes to:

- The National Outcomes in Scotland's National Performance Framework as set out in Scotland's Wellbeing – Delivering the National Outcomes; and
- The Scottish Government's Economic Strategy.

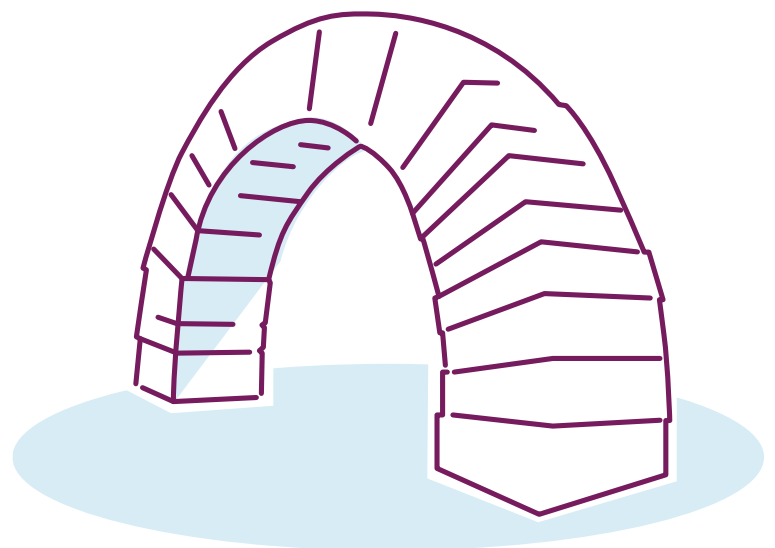
SCOTLAND'S WELLBEING – DELIVERING THE NATIONAL OUTCOMES (2019)

Scotland's National Performance Framework (NPF) sets out the following overall purpose and vision for Scotland:

Our purpose: *To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.*

Our values: *We are a society which treats all our people with kindness, dignity and compassion, respects the rule of law, and acts in an open and transparent way.*

The NPF identifies broad National Outcomes that reinforce the purpose and provides measures on how Scotland can assess progress.



NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p>Economy We have a globally competitive, entrepreneurial, inclusive and sustainable economy</p>	<p>VisitScotland supports a range of activity that delivers additional and sustainable economic impact and directly supports tourism related jobs and jobs throughout the wider economy through supply chain purchases and household spending. Activity is spread throughout Scotland to ensure businesses and individuals benefit across Scotland. VisitScotland's contribution is also evident in the NPF which states: 'Scotland's most positive dimension in terms of rank in 2018 was Tourism, which placed Scotland 12th out of 50 countries.'¹</p>	<p>Strong contribution</p>
<p>International We are open connected and make a positive contribution internationally</p>	<p>The NPF also states Scotland has a strong international reputation, ranking 16th out of 50 countries. This is in part due to the strong international focus of VisitScotland activities, namely consumer marketing activity in international markets and through major events which also showcase Scotland to an international audience. Business events and conference activity also develops and promotes Scotland's international profile as one of the world's foremost public-facing events destinations and as the perfect stage for events. VisitScotland actively engages with a wide range of audiences with an International focus, including other Team Scotland Partners such as Scottish Government, Scottish Development International (SDI) and VisitBritain; the international travel trade; Associations; other National Tourism Organisations; and academia, alumni and Diaspora networks to better understand international opportunities and optimise the potential that increased internationalisation of the tourism industry represents.</p>	<p>Strong contribution</p>
<p>Poverty We tackle poverty by sharing opportunities, wealth and power more equally</p>	<p>VisitScotland promotes rural and island areas allowing fragile communities to benefit from visitor expenditure. Many individuals and families have never been able to experience a holiday and through our close relationships with industry and organisations such as Euan's Guide we have developed an accessible tourism programme of advice and information in addition to creating the ScotSpirit Breaks programme which provides families in Scotland that have never experienced a holiday with a short break. VisitScotland's Growth Fund is targeted on reducing inequalities and alleviating regional imbalances. VisitScotland is a Living Wage Employer.</p>	<p>Growing contribution</p>
<p>Communities We live in communities that are inclusive, empowered, resilient and safe</p>	<p>VisitScotland activity helps support tourism jobs in communities throughout Scotland. In rural areas this helps to prevent depopulation by creating employment opportunities and investment and by providing critical mass for services (GP surgeries; schools etc). VisitScotland also administers the Rural Tourism Infrastructure Fund (RTIF). This aims to alleviate pressure on communities that have been affected by an increase in tourism.</p>	<p>Moderate contribution</p>

¹ The tourism questions focus on respondents perceptions of country's attractiveness as a tourists destination by asking questions which cover 1) willingness to visit the country should money be no object, 2) whether the country is rich in natural beauty, 3) whether the country is rich in historic buildings and monuments and 4) whether the country has a vibrant city and urban attractions.

NPF National Outcome	VisitScotland Contribution	Scale of contribution
Fair Work & Business We have thriving and innovative businesses, with quality jobs and fair work for everyone	VisitScotland's is helping to grow Scotland's business base and employment levels across a wide range of geographies and demographics. VisitScotland also operates a Quality Assurance scheme that provides business advice to improve the operating performance of individual businesses and raise standards and performance within the wider tourism industry. Working with the Enterprise Agencies, Business Gateway and other partners VisitScotland is supporting the drive towards digital capability within the tourism industry.	Strong contribution
Health We are healthy and active	Wellbeing is at the heart of NPF. Investment in tourism related infrastructure and events positively contributes to social, health and wellbeing outcomes and can reduce dependency on other budgets. Investment in tourism-related infrastructure and activities (e.g. walking and cycling routes) and the hosting and promotion of Sporting Events (e.g. golf, athletics and most notably the Cycling World Championships in 2023) ultimately aims to increase participation in healthy activities among Scottish residents. Investment in the promotion of more active lifestyles provides a wealth of social impacts and health and wellbeing benefits that over time could reduce pressure on NHS, mental health and social care services and budgets.	Strong contribution
Environment We value, enjoy, protect and enhance our environment	VisitScotland's remit involves sustainably developing Scotland's tourism economy. Environmental considerations are central to this objective. The organisation has recently produced a Climate Change and Tourism Ideas paper. Two Working Groups (one internal and one external) will implement the ideas and recommendations in the plan in 2020. VisitScotland will look to take a leadership role in this key area.	Growing contribution
Culture We are creative and our vibrant and diverse cultures are expressed and enjoyed widely	VisitScotland invests in promoting culture and heritage events throughout Scotland. This provides additional economic impact but also helps preserve and promote local heritage, culture and traditions.	Strong contribution
Human Rights We respect, protect and fulfil human rights and live free from discrimination	VisitScotland is an equal opportunities employer and our commitment to Equality and Diversity is at the heart of our organisation values. Research shows that countries with a more open and sustainable tourism sector tend to be more peaceful: 'A sustainable and open tourism sector brings about a higher level of positive peace: namely the attitudes, institutions, and structures that create and sustain peaceful societies.' ¹	Negligible contribution
Children We grow up loved, safe and respected so that we realise our full potential	Through our People Strategy which aims to reflect our socially progressive values VisitScotland has introduced a range of measures around maternity/paternity leave, flexible working and benefits to ensure that parents are able to spend valuable time with their children in the early stages of their development.	Negligible contribution
Education We are well educated, skilled and able to contribute to society	VisitScotland invests heavily in Continuous Professional Development, Mentoring, Modern Apprenticeships, Internships and secondments to ensure that our workforce continues to be equipped with the skills, knowledge and experience required. VisitScotland is proud to be recognised by Investors in Young People as an exemplar of best practice.	Negligible contribution

¹ <https://www.wttc.org/publications/2016/tourism-as-a-driver-of-peace>

Sustainability

ENVIRONMENTAL

The Scottish Government has set ambitious climate change targets: to reduce Scotland's greenhouse gas (carbon emissions) by 80% by 2050, with an interim reduction of 42% by 2020, against a 2008/09 baseline.

VisitScotland has aligned its operational activities to meet its obligations under The Climate Change (Scotland) Act 2009 and works through the Sustainable Scotland Network in the ongoing development of its Carbon Management Plan (progress to date - see overleaf).

VisitScotland also supports the work of Zero Waste Scotland and is working with all our sites to reduce waste and increase recycling. During 2019/20 we reduced our overall waste by 17%.

We also support the Scottish Government target introduced in 2016 as part of 'Making Things Last – A circular economy strategy for Scotland' to reduce food waste by 33% by 2025, through providing advice and information to industry as well as our internal operations, where relevant.

38%

of offices and information centres
certified under the

**Green Tourism
Business Scheme**
at Gold standard level

56%

at Silver standard level

SOCIAL

VisitScotland works in partnership with a number of agencies to ensure that tourism improves the quality of life for local communities and involves them in tourism planning and management.

Specifically, VisitScotland contributes to the work of Community Planning in order to ensure that the tourism sector participates in the community planning process and the on-going design, development and implementation of each Community Planning Partnership's Local Outcome Improvement Plan.

In addition to the above, through our Inclusive Tourism Strategy VisitScotland is working to make Scotland more inclusive both to those with physical disabilities and to those from economically disadvantaged backgrounds.

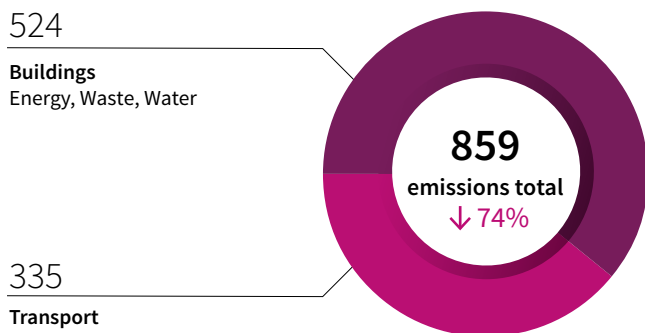
PROCUREMENT - COMMUNITY BENEFITS

Through tendering there is clear evidence that many of our contracted suppliers are providing significant and varied community benefits, with a number developing community benefits strategies and members of organisations such as Business in the Community Scotland. Others are also affiliated with organisations including Scottish Business Pledge and Scottish Government's Partnership for Change.

As an example, one of our suppliers donated soft play furniture (valued at £10,000) to a local authority for distribution to local schools and nurseries at the end of the Solheim Cup. Additionally, golf equipment and clothing was contributed by the supplier to Scottish Golf for distribution to golf clubs in the Perth and Kinross area for their junior golfers.

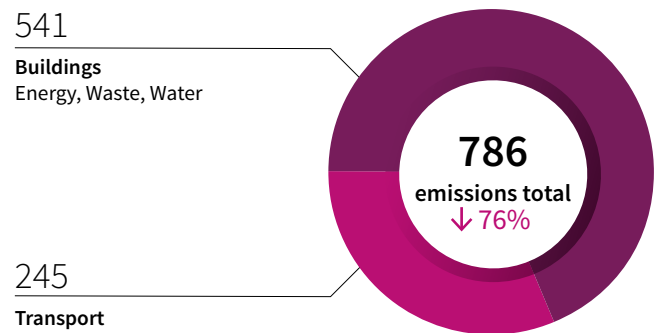
CO₂ EMISSIONS 19/20

Target: 1,774



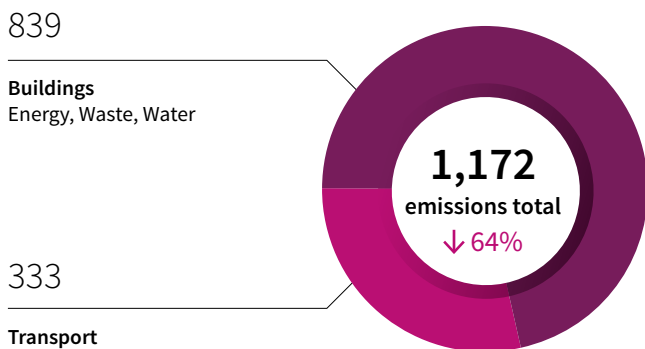
CO₂ EMISSIONS 18/19

Target: 1,867



CO₂ EMISSIONS 17/18

Target: 1,965



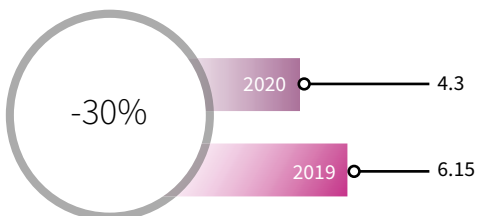
Financial position

GROUP INCOME

RDEL cash resource* (£m)



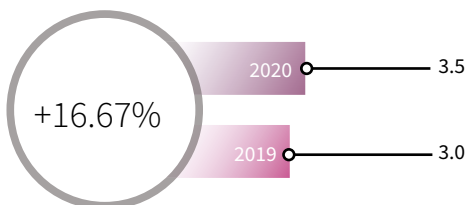
Retail, commercial, and other income (£m)**



* VisitScotland's core GIA award reduced by £0.75m to £38.85 in 19/20. The 15.76% increase in RDEL relates to income received from ringfenced projects. This included £2m received for 2023 Cycling World Championships Limited.

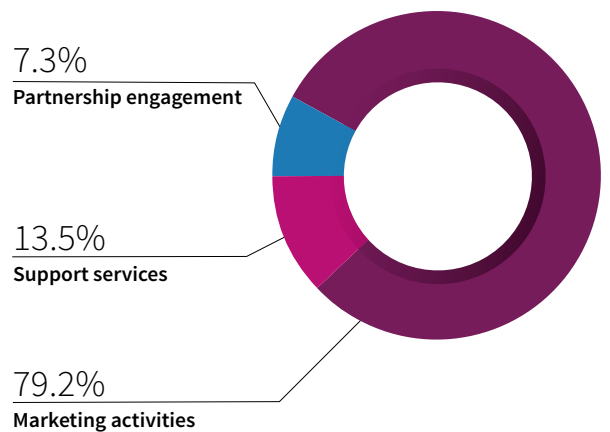
** See Page 98

CDEL CAPITAL (£M)

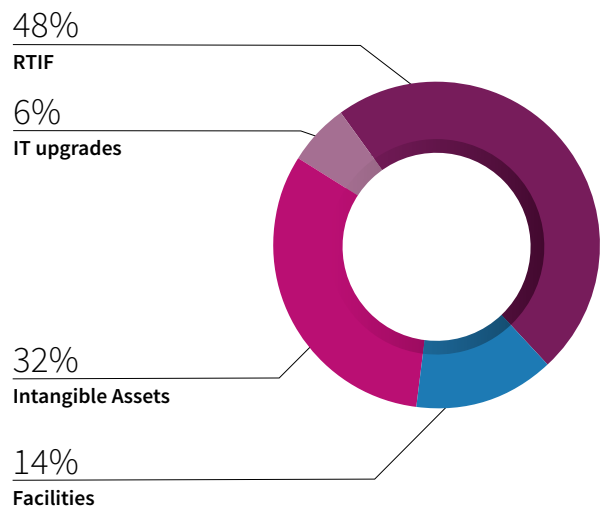


RDEL = Revenue Departmental Expenditure Limit
 CDEL = Capital Departmental Expenditure Limit
 There was no capital spend in 19/20 for 2023 Cycling World Championships Limited

GROUP SPEND BY CATEGORY



VISITSCOTLAND SPEND BY CATEGORY (CDEL)



GRANT IN AID

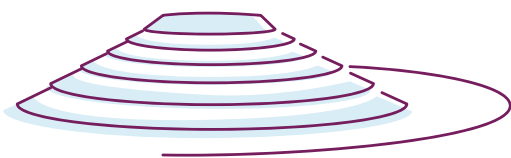
The Resource Budget is provided to cover capital (“CDEL”) and revenue expenditure (on an accruals basis) (“RDEL”), and also ‘non-cash’ costs including depreciation, impairment, etc. The Resource Budget is supplemented by the generation of retail and commercial income, local authority funding, and other income.

A further non-targetable budget allocation is made by the Scottish Government to cover volatile costs such as pension, provisions and write-downs, which, by their nature, are not necessarily capable of being controlled to the same extent as items charged to the Resource Budget. This non-cash budget allowance is designated Annually Managed Expenditure (“AME”).

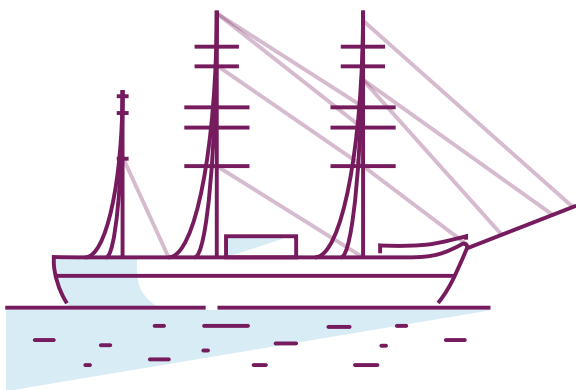
GROUP OUTTURN

‘Cash’ outturn (RDEL)	2020 £m
Marketing activities	49.29
Partnership engagement	4.52
Support services	8.47
Total operating expenditure	62.28
Less: Depreciation & loss on sale of asset (non-cash)	(1.99)
Less: Provision (AME)	0.08
Less: Capital Grants (Rural Tourism Infrastructure Fund)	(1.72)
Operating income	(4.30)
Net operating expenditure	54.35
Net finance costs & taxation	0.01
Net expenditure after tax	54.36
Funded by: Grant-in-Aid (RDEL)	54.36
Net ‘cash’ (underspend)/overspend	–

‘Cash’ outturn (CDEL)	2020 £m
Payments to acquire fixed and intangible assets	1.83
Capital Grants (Rural Tourism Infrastructure Fund)	1.72
Total Capital Spends	3.55
Funded by: Grant-in-Aid (CDEL)	3.5
Capital receipts utilised	0.05
Net ‘cash’ (underspend)/overspend	–



Financial position



RESOURCE OUTTURN

CORE CASH REVENUE EXPENDITURE

The core revenue 'cash budget' is funded from the Grant-in-Aid provision by Scottish Ministers, through the Scottish Government's Business Directorate for Culture, Tourism and Major Events. For 2019/20 this core revenue grant amounted to £54.36m (2019: £46.96m). This included £2m received for 2023 Cycling World Championships Limited

The expenditure of £49.29m in respect of marketing activities represented 79.2% of the core revenue Gross Expenditure for the year, as reported in the Statement of Resource Outturn (2019: 44.31m (80%)). This included £2m of spend for 2023 Cycling World Championships Limited. Partnership and Support Services expenditure totalled £12.99m which represents 20.8% of the core revenue Gross Expenditure for the year (2019: £11.25m (20%)).

RETAIL, COMMERCIAL, AND OTHER INCOME

The supplementary income generated, comprising of Retail, Commercial, and Other Income amounted to £4.3m, a reduction of £1.85m. This reduction was primarily due to the waiving of QA fees for the 19/20 year, a reduction in iCentres leading to a reduction in retail income, and a reduction in the money received from local authorities with regards to marketing and information provision.

Further analysis of areas of income and expenditure can be found in Notes 3 to 6 of these financial statements.

CASH CAPITAL EXPENDITURE

The core capital expenditure 'cash budget' is also funded from Grant-in-Aid, and for 2019/20 this grant amounted to £3.5m (2019: £3m). Following in year adjustments, and capital disposals, expenditure was in line with budget.

The main capital projects for 19/20 were:

- Refurbishment of Stornoway iCentre
- Rural Tourism Infrastructure Fund (year 2)
- IT hard ware and computer equipment upgrades
- Redevelopment of visitScotland.com

BASIS OF PREPARATION AND GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that VisitScotland will continue in operational existence for the foreseeable future. To the extent that the net liabilities are not to be met from VisitScotland's other sources of income, these liabilities may only be met by future grants or Grant-in-Aid from the Scottish Government. This is because, under the normal conventions applying to the parliamentary control over income and expenditure, such grants may not be issued in advance of need, and insofar as approval for Grant-in-Aid for 2020/21 for both VisitScotland and 2023 Cycling World Championships Limited has already been given, there is no reason to believe that future approvals will not be forthcoming.

On this basis, the Board considers it appropriate to prepare the financial statements on a going concern basis.

CASH BALANCES

VisitScotland does not retain any cash reserves, other than monies required to meet authorised expenditure accrued at the year end.

PAYMENT TO CREDITORS

VisitScotland observes the Scottish Government's policy for prompt payment to creditors and is committed to paying suppliers within 10 days of receipt of a valid invoice. An analysis of invoices received between 1 April 2019 and 31 March 2020 shows that VisitScotland paid 91% of valid invoices received within 10 working days (2019: 81%).

Malcolm Roughead

Malcolm Roughead OBE

Chief Executive

VisitScotland

10 December 2020

Accountability Report

Corporate Governance Report

DIRECTORS' REPORT

THE BOARD

The Chair and Board Members are appointed by the Scottish Ministers in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland, issued by the Commissioner for Ethical Standards in Public Life in Scotland. Details of the role of the Board and its membership are provided within the Governance Statement.

REGISTER OF BOARD MEMBERS' INTERESTS AND CODE OF CONDUCT

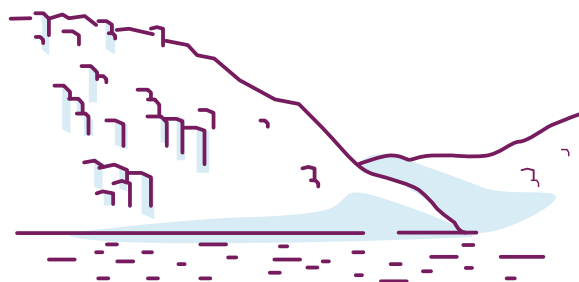
All Board Members work to the high standards of conduct outlined in The Ethical Standards in Public Life (Scotland) Act 2000. Each Board member also records publicly details of company directorships and other significant interests held on their Register of Interests.

VisitScotland's Board Member Code of Conduct is published on our corporate website, as are Registers of Interests for each Board Member. www.visitscotland.org/about-us/our-team/board

AUDITOR

The Auditor General for Scotland appoints auditors to conduct the audit of VisitScotland's Annual Report and Financial Statements, in accordance with Section 6(4) of the Development of Tourism Act 1969. The appointed auditor for the five-year period starting with the year ended 31 March 2017 was Audit Scotland. The Auditor General has confirmed that, as a result of Covid-19, this appointment has been extended for an additional year.

The fees payable for audit services provided by the appointed auditors in the year to 31 March 2020 were £71,750 (2019: £70,800). There were no fees payable to Audit Scotland for non-audit work during the year (2019: £ Nil.).



STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under Section 6(1) of the Development of Tourism Act 1969 the Scottish Ministers have directed VisitScotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction, which is reproduced on page 79 of these financial statements.

The financial statements are prepared on an accruals basis and must give a true and fair view of the affairs of VisitScotland, and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the financial statements the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- a. observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b. make judgements and estimates on a reasonable basis;
- c. state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements;
- d. prepare the financial statements on a going concern basis.

In accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Permanent Secretary, as the Principal Accountable Officer for the Scottish Administration, has designated the Chief Executive as Accountable Officer of VisitScotland.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding VisitScotland's assets, are set out in "Managing Public Money" published by HM Treasury.

As the Accountable Officer, as far as I am aware there is no relevant information of which VisitScotland's auditors are unaware, and that I have taken all necessary steps to make myself aware of any relevant audit information and to establish that VisitScotland's auditors are aware of that information.

Furthermore, I can confirm that;

- i. the Annual Report and Financial Statements, are fair, balanced and understandable, and
- ii. I take personal responsibility for the Annual Report and Financial Statements and the judgements required for determining that they are fair, balanced and understandable.

The Board



THE BOARD

RESPONSIBILITIES

The Board has corporate responsibility for the overall strategy of the organisation, within the strategic and funding framework set by Scottish Ministers, ensuring that VisitScotland fulfils its aims and objectives. They also provide general oversight of our practices to ensure the proper management of the organisation, and in so doing demonstrate high standards of corporate governance at all times.

The Board Members who held office during the year, were as follows:



The Rt Hon. the Viscount Thurso
Chair

John was appointed as our chairman in 2016, and as such also serves as an Ex-Officio Board member of VisitBritain. He has considerable industry experience: at 27 he became Europe's youngest 5-star hotel manager. He has also served as non-executive director on several public company boards.



Caroline Roxburgh

Caroline is chair of the Audit and Risk Committee. She is a Chartered Accountant, a former partner at PwC, and a Non-Executive Director on other boards including Edinburgh International Festival and Royal Conservatoire of Scotland. Caroline has over 30 years' business experience advising boards in a range of industry sectors.



Professor Anne Anderson

Anne holds a number of non-executive roles including: deputy chair of the Commonwealth Scholarship Commission; UNESCO director and advisor to the British Council (Scotland). She recently retired from her executive role as Vice Principal at the University of Glasgow where she was active in building links to among others Canada, USA and China. Over the last few months she has been active working remotely with organisations to plan how to deal with the present and plan for a sustainable future.

Calum Ross – resigned from VisitScotland Board on 7 September 2019
Carolyn Jameson – resigned from VisitScotland Board On 31 October 2019



Dr Keith Nicholson

Keith was appointed to the Board and Audit and Risk Committee on 1 June 2019. He is a former internationally acclaimed professor with appointments worldwide, including in a UN-funded Institute in New Zealand. He is an award-winning company director and a leading expert in Scotland on Cyber Security and is a member of the Scottish Government's National Cyber Resilience Leaders Board.



Stephen Hagan

Stephen is a Civil Engineer graduate from Edinburgh University. He was the spokesperson for Development, Economy and Sustainability with The Convention of Local Authorities (CoSLA) from 2012-2017. He is presently a Non-Executive Director with David MacBrayne Limited.

Stephen brings an abundance of experience of partnership working with the public, private and third sectors along with strong leadership skills.



Rebecca Brooks

Rebecca Brooks is Managing Director of Abbey UK, a Leading Destination Management company and part of the Abbey Group.

A graduate of St Andrews University graduating in Modern History, she has worked in international inbound tourism since 2001. Rebecca is an Executive Director and co-owner of the Abbey Group, a non Executive Director of the Scottish Tourism Alliance.



Catherine Craig

Cathy is the Commercial Director of Entrepreneurial Scotland. She is an experienced Director who has worked across a number of disciplines and industries. Cathy has been involved in tourism development for the last six years within Scotland and has a track record of improving visitor numbers as well as developing visitor experiences at both Calmac Ferries and Scotrail. Voted one of Scotland's top 100 women in Tourism 2017, Cathy plays an active role in the promotion of destinations and individuals within the industry.



Steven Walker

Steven was appointed to the Board on 1 September 2019. Steven is currently Executive Chair at Blazing Griffin, a Scottish digital entertainment company. He is a former Managing Director of Scotsman Publications, News International Scotland and The Scottish Children's Lottery. Most recently he was the Director of Corporate Development at STV Group Plc.



Governance Statement

As Chief Executive and Accountable Officer I have responsibility for maintaining a robust performance management framework, in accordance with the VisitScotland Management Statement and associated Financial Memorandum, as agreed with the Scottish Government's Directorate for Culture, Tourism and Major Events.

This includes a sound system of internal control that supports the achievement of VisitScotland's policies, aims and objectives set by the Scottish Ministers, whilst safeguarding the public funds and assets.

I am personally answerable to the Scottish Ministers in accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000. I am responsible for safeguarding the public funds under my charge, for ensuring propriety and regularity in the handling of those funds and for the day-to-day operations and management of VisitScotland. In addition, I have a duty to ensure that arrangements have been made to secure best value, which includes the concepts of good corporate governance, performance management and continuous improvement.

STANDING COMMITTEES

AUDIT AND RISK COMMITTEE

The VisitScotland Board has established an Audit & Risk Committee to support them in their responsibilities for issues of risk management, control, governance and associated assurance. The committee oversees the arrangements for internal control, risk, corporate governance, internal and external audit and the annual accounts. The audit committee receives the annual accounts, audit reports and a range of other management reports.

The Audit & Risk Committee of the Board normally meets at least four times a year and comprises Chair and three non-executive Board members. Representatives of the Scottish Government, external and independent internal auditors, together with the Director of Corporate Services, the Head of Finance, and myself, attend these meetings.

REMUNERATION COMMITTEE

During 2019/20 all Board members were - de facto – members of the Remuneration Committee, and the Committee met once in December 2019

The purpose of the Committee is to:

- review the annual salary and performance-related bonus proposals of the Leadership Group, in accordance with Scottish Government guidelines
- consider any changes in the terms and conditions of employment of the Leadership Group
- submit any proposed changes to the Scottish Government for approval
- deal with such other matters as may be referred to it by the Board

ATTENDANCE

The following table shows the number of meetings the VisitScotland Board and its principal committees held during 2019/20, and the individual attendance by Board and committee members.

¹ The Rt Hon. the Viscount Thurso attended one Audit & Risk Committee meeting, in his capacity as a Board member.

² Catherine Craig was appointed as a member of the Audit & Risk Committee in December 2019.

³ Carolyn Jameson resigned on 31 October 2019.

⁴ Dr Keith Nicholson was appointed as a member of the Audit & Risk Committee in June 2019.

⁵ Calum Ross resigned on 7 September 2019.

⁶ Steven Walker was appointed as a member of the Board in September 2019

	Board (8)	Audit and Risk Committee (4)	Remuneration Committee (1)
Lord Thurso (B)	8	¹ 1	1
Professor Anne Anderson (A) (B)	8	2	1
Rebecca Brooks (B)	7	-	1
Catherine Craig (A) (B)	7	² 1	1
Stephen Hagan (B)	8	-	1
Carolyn Jameson ³ (A) (B)	3	1	-
Dr Keith Nicholson (A) (B)	6	⁴ 3	1
Calum Ross ⁵ (A) (B)	3	2	-
Caroline Roxburgh (A) (B)	8	4	1
Steven Walker (B) ⁶	5	-	1

(A) Audit & Risk Committee member (B) Board member

THE LEADERSHIP GROUP

RESPONSIBILITIES

VisitScotland's leadership group is in place to actively support and develop talent for the future across the organisation. The Leadership Group is responsible for the delivery of strategy as set by the Board and the day to day management of VisitScotland's activities and operations. The delivery of VisitScotland's aims and objectives is supported by an operational framework comprising key corporate business processes and a wide range of control mechanisms. Members of the Leadership Group who held office during the year were as follows:

Name	Position
Malcolm Roughead	Chief Executive
Vicki Miller	Director of Marketing and Digital
Ken Neilson	Director of Corporate Services
Paul Bush	Director of Events
Riddell Graham	Director of Industry Destination Development
Barbara Clark	Head of Corporate Communications
Robbie Clyde	Head of EventScotland
Michelle Lavery	Head of Finance
Lynn Jack	Head of Human Resources
Mike Slack	Head of IT
Susan Dickie	Head of Insights
Ken Massie	Head of Regional Leadership and Development

As Accountable Officer, I am responsible for reviewing the effectiveness of the systems of risk management and internal control. The systems are based on ongoing processes designed to identify the principal risks to the achievement of VisitScotland's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system is designed to manage rather than eliminate the risk of failure to achieve VisitScotland's policies, aims and objectives. The process within VisitScotland accords with guidance from the Scottish Ministers provided in the Scottish Public Finance Manual ("SPFM") and has been in place for the year ended 31 March 2020, and up to the date of approval of the annual report and financial statements.

No significant changes were made to governance processes as a result of Covid-19. However, Management did increase the frequency of key meetings such as the Leadership Group, Business Continuity Group and Risk Management Committee.

RISK MANAGEMENT AND CONTROL

The Board has overall responsibility for VisitScotland's risk management Strategy and Framework.

The Board's audit and risk committee oversees the risk management framework on behalf of the Board. The committee recommends the appointment of our internal auditors and receives our annual accounts and internal audit reports.

The Risk Management Framework includes a Corporate Risk Register where each risk is aligned to our strategic objectives. As a result, all corporate risks are actively managed, reviewed and updated, together with the actions to mitigate them, by the Directors and Heads of Department on a quarterly basis, reported to the Leadership Group, reported at each Audit & Risk Committee meeting, and regularly reported to the Board.

At an operational level, risk management has been fully incorporated into the corporate planning and decision making processes of the organisation. In addition, risks are managed throughout the organisation by the application and review of controls built in to day-to-day working practices, and the use of sub-risk registers (which cover specific matters in greater detail).

KEY RISKS FACING THE ORGANISATION

VisitScotland categorise risk by four levels, which are, very high; high; medium; and low. All risks in VisitScotland's risk registers are tracked throughout the year, and the table below highlights the most significant risks at the end of last year through to March 2020. These risks remain the most significant to the organisation as at 31 March 2020.

VisitScotland also maintains risk registers for all significant projects.

In March 2020 two risks were added to the risk register as a result of Covid-19. Following the year end, there was a re-scoring of the risk register and two risks were scored as very high. These were the macro economic matters risk and the risk of a pandemic/new emerging infectious disease. Both of these have been highlighted in the table below. No risks were scored as very high during 19/20. Due to the current situation with Covid-19, which is affecting all areas of VisitScotland operations, there is considerable mitigation in place across all departments to manage the effects of the pandemic. In order to capture this work and the change to normal working practices, Management determined that two new Covid-focused risks would represent all the work that is ongoing across the business, both internally and externally, and effectively absorb all risks in the Corporate Risk Register that remain active.

Management and the Risk Management Committee ensure ongoing review and update of the Corporate Risk Register and its detail, to ensure the profile of each risk is accurately reflected and scored proportionately.

Risk	Progress with Mitigation in the year
<p>There is a risk that VisitScotland fails to maintain its operational effectiveness in the internal environment during the period of workforce quarantine, due to the impact of external factors affecting normal working practices, staff connectivity, and our ability to perform business as usual activities.</p>	<p>The organisation moved from BAU to lockdown over an evening. The Business Continuity team had been meeting for many weeks in advance and had been building on the already tested processes. We had procured new equipment and had tested home-working for the majority of teams in the organisation. All of these measures that we had put in place, along with the support of staff, enabled all office-based staff to work from home effectively and deliver services during lockdown. iCentre staff have somewhat different roles. Management and HR worked with those staff to redeploy to office-based work where possible until the safe re-opening of the iCentres over July and August. We have continued to monitor staff wellbeing throughout this time. A working group was also established to look at any equipment needs or additional guidance we could provide staff to help with home working. This group is also reviewing timelines for returning to the office and how this can be done safely.</p>
<p>There is a risk that VisitScotland doesn't play an active role in the recovery of Tourism post Covid-19 or show leadership to the Industry, supporting with planning for the future.</p>	<p>There is a huge amount of resource aimed at shoring up key businesses within regions, however demand has outstripped availability, with some sectors being re-evaluated for targeted support. VS Marketing strategy received strong industry buy-in and endorsement, and VS leadership on 'Good to Go' recognised with many accolades from industry groups. VS communication and outreach has been very well received and appreciated by industry, with VS support for industry funding intensified through Event Sector Advisory Group, series of webinars, blogs etc., all of which has been positively received by both Scottish Government and industry.</p>
<p>There is a risk that macro-economic matters such as a major constitutional change, austerity, inflation and exchange rate fluctuations, changes to consumer income and spending, impact negatively on the visitor economy. (Scored as very high following the year end)</p>	<p>VisitScotland continues to analyse insights and recommendations on trends, focussing on high-value end markets. Exchange rate fluctuations have made the cost of marketing abroad more expensive as well as making Scotland a cheaper place to visit. Increasing labour costs and increased cost of imported goods have resulted in margin erosion despite top line growth.</p> <p>There continues to be uncertainty over the BREXIT deal and potential impact on travel to Scotland from Europe, though evidence shows that an increase in North American visitors and UK 'staycationers' have mitigated impact to date.</p> <p>Estimate spend for 2020 at 30% of previous year due to the outbreak of the Covid-19 pandemic impacting both on travel and trade. Our Corporate Risk Register outlines how the organisation is responding to this risk.</p>

Risk

There is a lack of funding resources within the Industry, with lower investment in tourism and spending on related infrastructure

There is a risk of natural disaster, along the lines of 'foot and mouth', or a pandemic / new emerging infectious disease or an act of terrorism etc., and the organisation fails to act adequately to the incident. **(Scored as very high following the year end)**

There is a risk of business disruption in the event of an issue with a supplier or partner, impacting the availability of critical goods or services, thereby the organisation may be affected in the short term to fulfill operational and strategic objectives.

Progress with Mitigation in the year

There was some evidence emerging that businesses were cutting back on investment due to margin erosion. Due to the Covid-19 pandemic, major investments are to be scaled back, although public sector investment will continue.

The launch of the Covid-19 support scheme by VS has been well received and provides us with a different platform for engagement as we move into the restart and recovery phases of the STERG plan. VisitScotland is feeding into the Scottish Government Recovery Plan.

The organisation, with others, monitors for horizon threats and participates in the Scottish Tourism Emergency Response Group (STERG). VisitScotland has its own Business Continuity Plan and Disaster Recovery Plan which are tested each year.

The Covid-19 pandemic is now on a global scale and has impacted on both travel and trade. Covid-focused corporate risks in our Corporate Risk Register outline the extensive mitigation the organisation has in place both internally and externally facing.

Supplier Management has become mainstream within the organisation. As covered in our Corporate Risk Register, there had been considerable work to ensure continuance of supply if there was a 'no deal' Brexit, and although this risk is no longer relevant Management have agreed to continue with the work in this area.

An exercise to review all VisitScotland suppliers was undertaken following a supplier issue in February 2020. The organisation now has a precise picture of every supplier processing data, with appropriate mitigating actions having been installed in the new supplier process. A positive response from the review of suppliers at the start of Covid has helped build confidence that the supplier base is robust.

Risk

There is a risk that Non-SG grant income generation plans are not sufficient to support any changes in SG grant, which would result in VS activities requiring to be re-examined and activities dropped/delayed or reduced in scale.

There is a risk of non-compliance with legislation due to inadequate data or records management.

There is a risk that the organisation does not attract staff and retain key skills across the organisation.

There is a risk that VisitScotland does not show leadership to the Industry in relation to responsible tourism and climate change.

Progress with Mitigation in the year

In 2019, the agreement to create an SPV for the UCI opened possibilities for new commercial activities in the longer term. However, an initial review of income in the 2020/21 budget showed a reduction in commercial income. Cost base and growth opportunities were planned to be examined.

With the impact of the Covid pandemic, VS now assumes there will be no commercial income in 2020, this is a reduction in funding of £4.5m from the original budget. VS are re-forecasting a Recovery Budget which will target monies to recovery activity. This income hasn't necessarily gone for good but careful planning will be required for 2021.

The organisation has increased resources in this area - this allows for a quicker turnaround in activity. Good progress continues to embed data awareness into the organisation. The implementation of the Office 365 project is progressing well with the transferring of data into our new Document Management (SharePoint) system. The new Data Protection Policy has been issued and incident playbooks continue to be developed by IT. Mandatory Data Protection training is on Oracle for all staff and the data protection training they complete is logged and tracked.

There continues to be challenges competing for specific digital and technical skills, particularly in Edinburgh where the private-sector offer highly competitive reward packages. Brexit may also have an impact in the short and longer term in relation to the pool of talent available to VisitScotland. We continue to work well across the business to fill vacancies and recruit quality talent, but it can take longer than sometimes anticipated and the cost can be higher than expected.

We continue to build on our employer brand work and utilise a range of services and contacts to attract quality staff. Development and talent management is a key part of the support and advice we provide our Heads of Department.

A cross Directorate team has been created to coordinate our external sustainability activity. A draft plan was submitted to the Chairman and subsequently approved by the Board. The plan contains some significant activity to lead the issue with Scotland's tourism industry, working on a wide range of initiatives externally which when funding is clarified will deliver measurable impacts and show leadership.

INFORMATION AND DATA SECURITY

VisitScotland has in place a range of systems and measures which ensure that information held by the organisation and held by third parties on behalf of the organisation is secure. The Data Governance and Security Group monitors and controls the organisation's overall legal and regulatory compliance concerning the release of data from the organisation.

In addition, VisitScotland has implemented Scottish Government guidance on data security and information risk through the creation of an Information Asset Register, an Information Risk Register, utilisation of risk assessments and awareness training for staff.

The Scottish Government have implemented a Cyber Resilience Action Plan, it aims to ensure that Scotland's public bodies work towards becoming exemplars of cyber resilience. VisitScotland have implemented the common baseline cyber security standards and gained Cyber Essentials certification, as well as adhering to best practice guidelines on a risk-based and proportionate basis. Cyber security standards continue to develop and VisitScotland have a Cyber Resilience Group and an action plan in place to continually enhance the level of security and ensure the organisation has an appropriate level of resilience. Cyber resilience and security is a standing item on the agenda of our Leadership Group as well as our Data Governance and Security Group. An update is provided to the Board at each meeting.

VisitScotland closely monitor data protection legislation through the Data Governance and Security Group and the Data Protection Officer. Training on data protection and information security is included in the induction process for new staff. All staff receive mandatory training and are provided with security and data protection updates. Staff with specific data protection responsibilities have these responsibilities built into their job descriptions, which are subject to review at annual performance appraisals.

There have been no data security incidents which have required reporting to the ICO.

FRAUD, CORRUPTION AND BRIBERY

VisitScotland subscribes to the principles outlined in the Scottish National Fraud Initiative (NFI). We include data on our staff as part of the NFI exercise.

We produce annual reports on fraud and bribery. These are considered by the audit committee and this forms part of the annual assurance process. The 2019/20 report confirms that there were no material instances of fraud or bribery identified or detected in VisitScotland this year.

ASSESSMENT OF EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and risk management.

My review is informed by:

- the work and views of the Audit and Risk committee;
- the documented assurances of executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to VisitScotland's Audit & Risk Committee regular reports on the adequacy and effectiveness of internal control together with recommendations for improvement;

- comments made by the external auditors in their management letters and other reports;
- the outcome and feedback of external auditors during their annual statutory audit.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee reviews the reports from both internal and external auditors. In addition, they agree the annual internal audit plan, review the Corporate Risk Register reports, as well as carrying out ad-hoc reviews of departmental/project Risk sub-registers that underpin the principal Corporate Risk Register and seeking assurances from management on any matters arising.

MANAGEMENT ASSURANCE STATEMENTS

Annually, management is required to review the internal control systems throughout the organisation, and to provide assurances and comments via completion of a detailed Internal Control Checklist.

INDEPENDENT INTERNAL AUDIT

For 2019/20, Visit Scotland internal audit work has been carried out by the contracted services of independent auditors. Their role is to report on the adequacy and effectiveness of VisitScotland's systems of internal control and make any recommendations for improvement.

For 2019/20 the overall conclusion of the independent internal auditor in respect of the areas reviewed was:

“In our opinion VisitScotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks”.

STATUTORY EXTERNAL AUDIT

During the year Audit Scotland conducted an interim and year-end audit. Audit Scotland have given unqualified audit opinions on the financial statements for the year ended 31 March 2020 and on the regularity of transactions reflected in the financial statements.

CONCLUSION

In summary, on the basis of the above processes, I confirm that I am content with the effectiveness of such procedures that enable VisitScotland to maintain appropriate best practice standards of governance and effective risk management, and my overall review has not highlighted any significant internal control weaknesses within VisitScotland. As a consequence, I have confirmed for 2019/20 that controls have been, and are, working well within VisitScotland, and that there are no significant matters arising which would require to be raised.

Malcolm Roughead

Malcolm Roughead OBE

Chief Executive

VisitScotland

10 December 2020

The Remuneration and Staff Report

THE REMUNERATION AND STAFF REPORT

BOARD AND LEADERSHIP GROUP REPORT

REMUNERATION POLICY

Under the terms of the financial memorandum with the Scottish Government, an annual pay remit for all staff is submitted to the Scottish Government for approval. The pay remit must be within the terms of the Scottish Government's public sector pay policy.

Board Members: Remuneration for the Chair and Board Members is set by the Scottish Government and is reviewed annually. The Chair and Board Members of VisitScotland is appointed by Scottish Ministers normally for an initial period of three years, with the option of re-appointment for a second term.

Chief Executive: The Chief Executive's performance is appraised by the Chair in consultation with the Board, in session as the Board Remuneration Committee ("BRC"). His annual pay award and non-consolidated performance payments of up to 10% of base salary are considered by the BRC, and approved by the Scottish Government. This is in accordance with the Scottish Government's pay policy for senior appointments.

Directors: performance is appraised by the Chief Executive in consultation with the BRC. Their annual pay award, and non-consolidated performance payments of up to 10% of base salary, are considered by the BRC, and approved by the Chief Executive. Appointments of the Chief Executive and Directors are made on merit, and the appointments are on a permanent basis. The notice period is 12 months for both Directors and the Chief Executive. Early termination, other than for misconduct, would result in payments under agreed contractual, or severance, arrangements.

Wider Leadership Group: individual performance is appraised by the Line Manager. Appointments of the Leadership Group are made by the Chief Executive and are reviewed on an annual basis. Their pay award is in line with VisitScotland's pay award to all staff members. For 2019/20 this was between 1%-3% dependent upon salary.

Remuneration includes gross salary, benefits in kind and any other allowance to the extent that it is subject to UK Taxation.

	2020	2019
Board Members' Remuneration	£'000	£'000
Lord Thurso	35-40	30-35
Professor Anne Anderson	5-10	5-10
Rebecca Brooks	5-10	5-10
Catherine Craig	5-10	5-10
Stephen Hagan	5-10	5-10
Carolyn Jameson	0-5	5-10
Dr Keith Nicholson	5-10	-
Calum Ross	0-5	5-10
Caroline Roxburgh	5-10	5-10
Steven Walker	0-5	-
Steve Dunlop	-	0-5
Gordon Dewar	-	5-10

There were two Board Member resignations in year. Calum Ross resigned on 7 September 2019. Carolyn Jameson resigned on 31 October 2019.

Leadership group remuneration

		19/20	19/20	19/20	19/20	19/20
		Salary	Car Allowance	Non-cash benefits (g)	Pension Benefit (h)	Total
		£'000	£'000	£	£'000	£'000
Malcolm Roughead (a)	Chief Executive	150-155		6,367	-	155-160
Ken Neilson	Director of Corporate Services	105-110		4,482	30	140-145
Paul Bush	Director of Events	100-105	5-10	100	13	120-125
Riddell Graham	Director of Industry Destination Development	95-100	5-10	100	85	185-190
Vicki Miller	Director of Marketing and Digital	95-100		6391	59	160-165
Ken Massie	Head of Regional Leadership and Development	75-80		100	24	100-105
Lynn Jack	Head of HR	70-75		100	32	105-110
Susan Dickie	Head of Insights	70-75		100	34	105-110
Michelle Lavery	Head of Finance	65-70		100	22	85-90
Barbara Clark	Head of Communications	75-80		100	23	95-100
Mike Slack	Head of IT	70-75		100	30	100-105
Robbie Clyde	Head of EventScotland	75-80		100	24	100-105
		18/19	18/19	18/19	18/19	18/19
		Salary	Car Allowance	Non-cash benefits (g)	Pension Benefit (h)	Total
		£'000	£'000	£	£'000	£'000
Malcolm Roughead (a)	Chief Executive	145-150		5,500		150-155
Ken Neilson	Director of Corporate Services	105-110		3,400	28	140-145
Paul Bush	Director of Events	100-105	5-10	100	6	110-115
Riddell Graham	Director of Industry Destination Development	95-100	5-10	100	22	120-125
Ken Massie	Head of Regional Leadership and Development	70-75		100	27	105-110
Vicki Miller (c)	Director of Marketing and Digital	85-90		4,400	76	165-170
Lynn Jack	Head of HR	65-70		100	31	100-105
Susan Dickie	Head of Insights	65-70		100	51	120-125
Lynne Raeside (d)	Head of Business Affairs (resigned Aug 18)	25-30		100	6	30-35
Michelle Lavery	Head of Finance	60-65		100	31	95-100
Leanne Elliot (e)	HR Operations Manager	30-35		100	12	40-45
Barbara Clark (f)	Head of Communications (Joined LG Dec 18)	20-25		100	39	60-65
Mike Slack (f)	Head of IT (Joined LG Dec 18)	20-25		100	27	50-55
Robbie Clyde (f)	Head of EventScotland	70-75		100	12	80-85
Charles Smith (b)	Director of Marketing and Digital	40-45	0-5	100	7	45-50

Pension entitlements

- (a) From 1.4.14, Malcolm Roughead no longer contributes to the BTB Pension Scheme, nor any other VS scheme
 (b) Charlie Smith was seconded to Scottish Enterprise for 1 year from July 2018. FTE salary band 120-125k annual equivalent
 (c) Vicki Miller was seconded to Director of Marketing and Digital in August 2018 from her previous role of Head of Customer Experience.
 (d) Lynne Raeside resigned from VisitScotland in August 2018
 (e) Leanne Elliot left the Leadership Group in December 2018. Figures are stated pro-rata.
 (f) Robbie Clyde joined the Leadership group at the start of financial year. Barbara Clark and Mike Slack were appointed to the Leadership Group in December 2019. Figures are stated pro-rata.
 (g) Non-cash benefits disclosed to the nearest £100
 (h) The value of pension benefits accrued during 2019/20 is calculated as the real increase in pensions and applying the HMRC methodology multiplier of 20, less the contributions made by the individual. The real increase in pension excludes increases due to inflation, or any increase due to transfer of pension rights.
- Additional Notes: No performance pay or bonuses were paid or payable during 2019/20
 Non-cash benefits (Benefits in Kind) disclosed to the nearest £100

In accordance with the Scottish Government's pay policy, the Chief Executive and the Leadership Group members received a pay increase in 2019/20, in line with Scottish Governments pay policy but did not receive any bonus award.

		Accrued pension	Real increase in annual pension	CETV	CETV: Increase net of members' contributions
		£'000	note (d) £'000	note (b) £'000	note (c) & (e) £'000
Leadership Group					
Malcolm Roughead	Chief Executive	30-35	0-2.5	1,059	(111.6)
Ken Neilson	Director of Corporate Services	25-30	0-2.5	861	(23.5)
Paul Bush	Director of Events	35-40	0-2.5	1,064	(171.9)
Riddell Graham	Director of Industry Destination Development	70-75	2.5-5	2,217	(77.2)
Vicki Miller	Director of Marketing and Digital	20-25	2.5-5	391	(17.9)
Ken Massie	Head of Regional Leadership and Development	10-15	0-2.5	227	(1.0)
Lynn Jack	Head of HR	15-20	0-2.5	435	(59.1)
Susan Dickie	Head of Insights	20-25	0-2.5	687	(43.3)
Michelle Lavery	Head of Finance	5-10	0-2.5	72	(10.7)
Barbara Clark	Head of Communications	25-30	0-2.5	768	(60.7)
Mike Slack	Head of IT	10-15	0-2.5	270	(4.9)
Robbie Clyde	Head of EventScotland	0-5	0-2.5	39	18.3

As at 31 March 2019		Accrued pension	Real increase in annual pension	CETV: Increase net of members' contributions	
				CETV note (b)	note (c) & (e)
Executive Director		£'000	£'000	£'000	£'000
Malcolm Roughead	Chief Executive	30-35	0-2.5	1,151	65
Ken Neilson	Director of Corporate Services	25-30	0-2.5	864	101
Paul Bush	Director of Events	35-40	0-2.5	1,213	57
Riddell Graham	Director of Industry Destination Development	65-70	0-2.5	2,256	117
Ken Massie	Head of Regional Leadership and Development	5-10	0-2.5	200	46
Vicki Miller	Director of Marketing and Digital	15-20	2.5-5	398	112
Lynn Jack	Head of HR	15-20	0-2.5	483	81
Susan Dickie	Head of Insights	20-25	2.5-5	715	126
Lynne Raeside	Head of Business Affairs	15-20	0-2.5	460	46
Michelle Lavery	Head of Finance	0-5	0-2.5	78	31
Leanne Elliot	HR Operations Manager	0-5	0-2.5	56	15
Barbara Clark	Head of Communications	20-25	0-2.5	881	114
Mike Slack	Head of IT	10-15	0-2.5	266	50
Robbie Clyde	Head of EventScotland	0-5	0-2.5	17	13
Charles Smith	Director of Marketing and Digital	5-10	0-2.5	152	20

Notes:

(a) Pension calculations are based on the pensionable salary at 31 March.

(b) **Cash Equivalent Transfer Value (CETV)** is a lump sum value in today's terms of the benefits accrued by a member of the pension scheme. The sum is assessed by an actuary and is the amount which would be offered by the scheme to transfer benefits into another scheme when the member leaves. Within BTPS, CETV is computed by reference to factors agreed by the Trustees of the BTPS.

(c) **CETV: Increase net of members' contributions.** This reflects the increase in CETV effectively funded by the employers over the year. It takes account of the change in accrued pension due to additional accrual and salary growth, excluding inflation, and uses common market factors for the start and end of the period. It does not include any increase in value that arises from contributions paid by the employee or the value of any benefits transferred from another pension scheme.

(d) The real increase in annual pension excludes any increase in inflation or any increase due to a transfer of pension rights.

(e) The assumptions used include future long-term interest rates and inflation. Certain members of the British Tourist Boards' Pension Scheme can choose to retire from age 60.

The Chair and Board members are not members of the pension schemes. However, pensions are paid to two previous Chairmen, and a provision has been made for this in these financial statements (Note 21).

COMPENSATION AND POST EMPLOYMENT PAYMENTS

VisitScotland is required to disclose any compensation payments made on early retirement or for loss of office for senior members of staff, and any payments made to past directors.

19/20 18/19

FAIR PAY DISCLOSURE

The highest paid member of the Leadership Group was the Chief Executive. His annualised salary before Pension benefits was 5.63 times the £27,922 median earnings of the organisation's work-force in 2019-20 (2018-19: 5.65 x £26,451).

The Median Total Remuneration calculation continues to be impacted by adoption of the living wage recommendations.

Highest-Paid Director's Salary	£150k-£155k	£145k-£150k
Median Total remuneration	£27,245	£26,451
Ratio	5.63	5.65

STAFF NUMBERS AND COSTS	2019/20	2018/19
	£'000	£'000
Salaries	17,725	17,792
Social security costs	1,745	1,625
Voluntary severance - in year	129	46
Voluntary severance - accrued	-	-
Provision - McCloud*	(73)	110
Pension costs - current service	6,183	6,395
Total Staff Costs	25,709	25,968
Agency fees in respect of temporary staff, included above	293	395

See also note 3 to the accounts.

*See note 21

STAFF COMPOSITION

The average number of full-time equivalent employees during the year was as follows:

Leadership Group	12.0
Operational and support staff:	
Directors	5.0
Heads of department	15.0
All other staff (including Seasonal and Youth Employment Schemes)	498.7
Fixed term contract (including Seasonal & Youth Employment Schemes)	58.0
Fixed term contract (excluding Seasonal & Youth Employment Schemes)	23.5
Total FTE @ 31/03/20	518.7
Total average number of full-time equivalents for 2019/20	533.6

SICKNESS ABSENCE DATA AND EMPLOYMENT STATISTICS

	2019/20	2018/19
Staff Turnover	10.56%	12.55%
Sickness Absence	2.12%	2.04%
Sickness Absence days/person	5.52	5.31
Male:Female Ratio – Total Workforce	33:67	32:68
Male:Female Ratio – Board Members	55:45	44:56
Male:Female Ratio – Leadership Group	58:42	55:45
Male:Female Ratio – Heads of Department	40:60	40:60
Staff Salary range (excluding Leadership Group)	18k-80k	£17k-£76k



EQUALITY AND DIVERSITY

Enhancing access to tourism in Scotland, promoting the social and economic benefits of fostering good relations within the tourism industry and between tourism businesses and visitors, and supporting positive opportunities for the sector, are key features of each of our strategies. Equality is therefore an integral driver of our function as a service provider to both tourism businesses and visitors, and of our own commitment as an employer, and we strive to mainstream the delivery of equality throughout our organisation.

In this current climate, due to the pandemic, with the increased flexible working from home and the changes to how we communicate gives a greater focus on equality and vital to get it right if we are to support our tourism industry, our stakeholders and our staff.

VisitScotland maintains an inclusive environment and is committed to the continued development of diversity and equal opportunities as represented by its published Mainstreaming Equality Report which can be found on our corporate website. The latest Mainstreaming Equality Report was published April 2019. This report was focused very much on communicating our message through different formats, we decided on a very different style and approach for this report in order to promote “Our People” and for it to link with our overall corporate strategy called “The VS Way”. It was designed to engage the reader by use of video’s, case studies, film, and illustrations throughout, its title was “Our People”. In the first week it had over 220 hits on the website, the previous 2017 report did not get that many over the full 2 years it was posted. Downloads for “Our People” currently stand in the 400’s.

The report included information on all the work we have done to promote equality within VisitScotland and externally working in partnership with the tourism industry and Government. Next years update, due April 2021, will include reference to all the health & well-being work we have done to support our staff working the tourism industry at this time. It will also include an updated Equal Pay report and information on occupational segregation. The 2017 report highlighted that VisitScotland has

seen a reduction in the gender pay gap for the organisation as a whole from 25.9% to 21.2% since the 2017 report and a reduction to 10.6% on a median measurement.

VisitScotland has taken action in response the recent BLM movement and our 2019 report will also include the work we are doing to promote our job vacancies to the BAME community in Scotland, as we have developed further our working partnership with BEMIS, Scotland’s largest black and minority ethnic organisation. This will also include working with our marketing teams, with our Inclusive Tourism programme, and BEMIS, to ensure a welcome to all visitors from across the world.

As an organisation, we recognise that successfully meeting our general equality duty is not only about working towards specific equality outcomes, but about ensuring that the needs of the organisation are an integral part of our business function. Equality Impact Assessment training was suspended due to the lockdown, and the impact of other competing priorities. However, this will resume as soon as possible.

The Staff Equality Working Group has continued to meet via Micro-soft teams on line and has overseen all the internal work within VisitScotland, especially the extra support provided to staff and managers and as result two new staff support group has been created, we have a Parents Support Group, and a Carers support group, as well as the LGBTI+, and Disability , now re-launched during lockdown as The Inclusive Network Alliance. This was to promote the group to all staff including those with hidden disability and long-term health conditions. VisitScotland have now attained level 2 in the DWP Disability Confident Scheme.

Our Equality vision is founded on the fact that harnessing differences will create a productive environment in which everyone feels valued and their talents are being recognised, through which our business and organisational goals are met.

The full Equality and Diversity Mainstreaming report “Our People” April 2019 and detailed analysis, together with the actions the organisation is taking, can be found at www.visitscotland.org/about-us/our-policies/equality

INDUSTRIAL RELATIONS

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The disclosures required by these regulations are within the tables below:

Number of employees who were relevant officials during the year	4
Full-time equivalent employee number	4

Percentage of time spent on facility time	No. of Employees
0%	-
1% - 50%	4
51% -99%	-
100%	-

Percentage of total paybill spent on facility time	0.001%
Total cost of time	£255

EXPENDITURE ON CONSULTANCY

	2019/20	2018/19
Consultancy	5,427	26,110

EXIT PACKAGES

VOLUNTARY SEVERANCE COSTS

Ongoing business re-organisation during the year has meant that the opportunity for voluntary departure by staff, in accordance with VisitScotland's approved voluntary severance scheme, was taken up by 3 members of staff in 19/20 at a total cost of £130k (563k in 18/19).

	2019/20	2018/19
£0 - £20,000	1	43
£20,001 - £40,000	0	6
£40,001 - £60,000	0	1
£60,001 - £80,000	2	0
£80,001 - £120,000*	0	0
Total number of exit packages	3	50

There were no compulsory redundancies (2019: None)

Malcolm Roughead

Malcolm Roughead OBE
Chief Executive, VisitScotland
10 December 2020



Parliamentary Accountability Report

REGULARITY OF EXPENDITURE

VisitScotland is held to account by the Scottish Ministers, in accordance with the requirements of Section 6(1) of the Development of Tourism Boards (Scotland) Act 2006. The main financial objective for 2019/20 is to ensure that the financial outturn for the year is within the Resource Budget allocated by the Scottish Ministers. VisitScotland achieved this objective. The Statement of Resource Outturn is on page 55.

REMOTE CONTINGENT LIABILITIES

There is the remote possibility that a proportion of grants previously received may need to be repaid. This will remain until official timelines expire in relation to specific grants. Details are within Note 24 to the Financial Statements.

STATEMENT OF LOSSES AND SPECIAL PAYMENTS

Losses: None during 2019/20 (2018/19: None) other than trade debts written off during the year (see Note 22 to the Financial Statements)

Special Payments: Voluntary severance paid in year amounted to £130k (£563k in 18/19) (see exit packages note). These were the only special payments made during the year.

FEES AND CHARGES INCOME

	Notes	2020 £'000	2019 £'000
Retail Sales			
Product Income	I	2,627	3,219
Cost of Sales		(1,261)	(1,464)
Gross Profit		1,366	1,755
GP percentage		52%	54.52%
Business Promotion and Advertising income			
Exhibitions and Promotional advertising	II	1,131	1,072
Joint Promotional Campaigns	III	717	437
		1,848	1,509
Quality Assurance	IV		
Award Scheme Fees	V	53	929
Less: Direct Costs of Service		1,061	1,124
Net Cost of Service Delivery		(1,008)	(195)

- I Sales of information and visitor products through the network of VisitScotland Information centres
- II Exhibitions/promotions supported during the year. Partners are charged on a cost recovery basis
- III Joint promotional campaigns with business partners
- IV The Quality Assurance programme is aimed at promoting the many accommodation providers across Scotland by awarding a grading of their respective establishments in accordance with approved standards as laid down by the BHA
- V VisitScotland charges a nominal fee based on the size of the establishment and the number of rooms. For 19/20 QA fees were waived in response to Covid-19. This amount relates to late invoices for the 18/19 year.

Malcolm Roughhead

Malcolm Roughhead OBE

Chief Executive, VisitScotland

10 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISITSCOTLAND, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements in the annual report and accounts of VisitScotland and its group for the year ended 31 March 2020 under the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006. The financial statements comprise the VisitScotland Group statement of comprehensive net expenditure, VisitScotland Group statement of financial position, VisitScotland Group cash flow statement, VisitScotland Group statement of changes in taxpayers' equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Development of Tourism Act 1969 as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers of the state of the body and its group's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers.

BASIS FOR OPINION

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26 May 2017. The period of total uninterrupted appointment is 3 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN BASIS OF ACCOUNTING

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

RISKS OF MATERIAL MISSTATEMENT

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

RESPONSIBILITIES OF THE ACCOUNTABLE OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

OTHER INFORMATION IN THE ANNUAL REPORT AND ACCOUNTS

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON REGULARITY OF EXPENDITURE AND INCOME

OPINION ON REGULARITY

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

RESPONSIBILITIES FOR REGULARITY

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

REPORT ON OTHER REQUIREMENTS

OPINIONS ON MATTERS PRESCRIBED BY THE AUDITOR GENERAL FOR SCOTLAND

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers.

MATTERS ON WHICH I AM REQUIRED TO REPORT BY EXCEPTION

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

CONCLUSIONS ON WIDER SCOPE RESPONSIBILITIES

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

USE OF MY REPORT

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gordon Smail

Gordon Smail

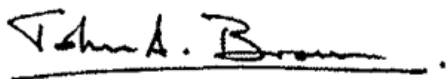
Audit Director 11 December 2020

Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

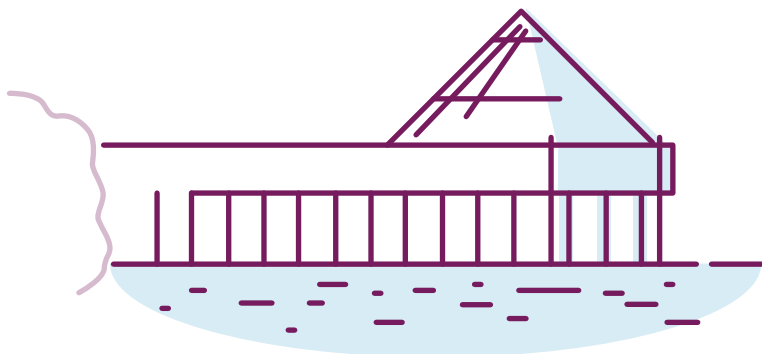
DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in pursuance of Section 6(1) of the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006, hereby give the following direction:

- i. The statement of accounts for the financial year ended 31 March 2008, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
- ii. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
- iii. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 11 January 2006 is hereby revoked.



Signed by the authority of the Scottish Ministers
Dated 30 July 2008



VisitScotland Group statement of comprehensive net expenditure for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Resource Expenditure			
Marketing activities		49,294	44,309
Partnership engagement		4,516	4,272
Support services		8,467	6,983
		62,277	55,564
Non-Resource Expenditure			
Pension Costs - IAS 19 adjustments	19.2	3,308	4,174
Gross expenditure	3, 4	65,585	59,738
Income			
Retail and commercial	5	(3,565)	(4,749)
Other income	6	(729)	(1,401)
Net expenditure		61,291	53,588
Finance costs	7	10	29
Net operating expenditure		61,301	53,617
Other Comprehensive Expenditure/(Income)			
Net actuarial (surplus)/deficit on valuation of retirement benefit schemes	19.2	(6,909)	(8,788)
(Surplus)/Deficit arising on revaluation of property, plant and equipment			(112)
(Surplus)/Deficit arising on revaluation of Finance Leased assets		(660)	-
Total other comprehensive expenditure		(7,569)	(8,900)
Total comprehensive net expenditure		53,732	44,717

VisitScotland Group statement of financial position as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-Current			
Property, plant and equipment	9	4,256	5,274
Intangible assets	8	1,920	1,106
Total non current assets		6,176	6,380
Current			
Inventories	12	537	604
Trade and other receivables	13	1,496	2,429
Cash and cash equivalents*	14	9,156	5,721
Total current assets		11,189	8,754
Non-Current assets classified as held for sale	10	-	-
Total Assets		17,365	15,134
Liabilities			
Current			
Other borrowings	17	(94)	(328)
Trade and other payables**	16	(14,310)	(11,495)
Total current liabilities		(14,404)	(11,823)
Non current liabilities			
Other borrowings	17	(106)	(205)
Provisions	21	(628)	(709)
Other payables	-	-	-
Retirement benefit obligations	19.2	(26,704)	(30,305)
Total non-current liabilities		(27,438)	(31,219)
Total Liabilities		(41,842)	(43,042)
Net Liabilities		(24,477)	(27,908)
Taxpayers' equity			
General reserve		1,769	1,246
Pension reserve		(26,704)	(30,305)
Revaluation reserve		458	1,151
Total Equity		(24,477)	(27,908)

The Accountable officer authorised these financial statements for issue 10 December 2020

Malcolm Roughead

Malcolm Roughead OBE

Chief Executive, VisitScotland

10 December 2020

*Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £2m

**Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £1.9m

The notes on pages 87 to 131 form part of these financial statements

VisitScotland Group cash flow statement year ending 31 March 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Net operating expenditure before taxation*		61,301	53,617
Items not involving the flow of cash			
Depreciation of tangible fixed assets		(1,047)	(882)
Impairment of tangible fixed assets		(433)	(63)
Loss on disposal of assets		(219)	(17)
Amortisation of intangible fixed assets		(291)	(58)
Net pension service costs and return on assets		(3,308)	(4,173)
Miscellaneous		(1)	(23)
Net financing costs		(10)	(29)
Movements in working capital			
Increase/(Decrease) in inventories		(67)	(114)
(Decrease)/Increase in receivables		(933)	238
Decrease/(Increase) in payables**		(2,815)	(1,019)
Movements in provisions			
(Increase)/Decrease in provisions		81	(593)
Net cash flow from operations		52,258	46,884
Interest paid		10	29
Net cash outflow from operating activities		52,268	46,913
Cash flows from investing activities			
Payments to acquire tangible fixed assets		716	1,716
Payments to acquire intangible fixed assets		1,105	932
Net cash flows used in investing activities		1,821	2,648
Cash flows from financing activities			
Grant-in-Aid from Scottish Government***		(57,856)	(49,959)
Decrease in other borrowings- obligations under finance leases		332	310
Cash receipts to be reinvested			(219)
Net cash flows from financing activities		(57,524)	(49,868)
Net (increase)/decrease in cash and cash equivalents		(3,435)	(307)
Cash and cash equivalents as at 1 April		5,721	5,414
Cash and cash equivalents as at 31 March		9,156	5,721

*Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £1.9m

**Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £1.9m increase in payables

***Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £2m increase in cash and cash equivalents
The notes on pages 87 to 131 form part of these financial statements

VisitScotland Group statement of changes in taxpayers' equity
for the year ended 31 March 2020

	General Reserve £'000	Pension Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 April 2018	549	(34,919)	1,220	(33,150)
Net operating expenditure	(53,617)	-	-	(53,617)
Transfer between reserves	4,174	(4,174)	-	-
Transfer on disposal	181	-	(181)	-
Movement in Revaluation Reserve on Revaluation	-	-	112	112
Net actuarial gains/(losses) in retirement benefit schemes	-	8,787	-	8,787
Total recognised income and expense	(49,262)	4,614	(69)	(44,718)
Grant in aid from Scottish Government	49,959	-	-	49,959
Balance at 31 March 2019	1,246	(30,305)	1,151	(27,908)
Net operating expenditure*	(61,301)			(61,301)
Transfer between reserves	3,308	(3,308)		0
Transfer on disposal	660		(660)	0
Surplus/(deficit) arising on revaluation of property, plant and equipment			(33)	(33)
Net actuarial gains/(losses) in retirement benefit schemes		6,909		6,909
Total recognised income and expense	(57,333)	3,601	(693)	(54,425)
Grant in aid from Scottish Government**	57,856			57,856
Balance at 31 March 2020	1,769	(26,704)	458	(24,477)

*Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £1.9m

**Includes fully owned subsidiary, 2023 Cycling World Championships, balance of £2m

The notes on pages 87 to 131 form part of these financial statements

Notes to the financial statements

1 Accounting policies

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) issued by the Scottish Government. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context, and without limiting the information given, the financial statements meet the relevant disclosure requirements, so far as those requirements are appropriate, and in accordance with the Accounts Direction given by Scottish Ministers.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of VisitScotland for the purpose of giving a true and fair view has been selected.

As of 28 February 2020 VisitScotland incorporated a new fully owned subsidiary, 2023 Cycling World Championships Limited. 2023 Cycling World Championships Limited is a private company limited by guarantee without share capital. The liability is limited to £1. All transactions in the period from 28 February 2020 to 31 March 2020 have been consolidated into this set of financial statements. The accounting policies for 2023 Cycling World Championships Limited have been aligned to VisitScotland.

The particular policies adopted by VisitScotland covering these financial statements for the year ended 31 March 2020 are described below. They have been applied consistently in dealing with the items that are considered material to the financial statements.

BASIS OF ACCOUNTING

Under Section 6(1) of The Development of Tourism Act 1969, VisitScotland is required to prepare an annual Statement of Accounts in such form, and containing such particulars as Scottish Ministers may from time to time direct. A copy of the Accounts Direction, at present in force, is set out on page 79.

These financial statements are presented in £ sterling, which is the organisation's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

GOING CONCERN

The terms of the management statement between the Scottish Ministers and VisitScotland require that VisitScotland shall conduct its affairs so as to remain solvent within the total resources made available to it by funding bodies. These financial statements have been prepared on this basis. VisitScotland Group has net liabilities as at the date of the statement of financial position of £24.4 million (2019: £27.91 million net liabilities), arising from its obligations in respect of the inclusion of retirement benefit obligations falling due in future years, in accordance with the accounting treatment required by IAS 19 'Employee Benefits'.

To the extent that they are not to be met from VisitScotland's other sources of income, these liabilities may only be met by future grants or Grant-in-Aid from the Scottish Government. This is because, under the normal conventions applying to the parliamentary control over income and expenditure, such grants may not be issued in advance of need.

In 2019/20, VisitScotland received formal guarantee from the Scottish Government for the BTB pension scheme. This stated that in the event the BTB Pension Fund and VisitScotland were unable to meet the cost of paying the pensions promised to members, the government stands behind the Fund and will meet these obligations.

Grant in Aid for both VisitScotland and 2023 Cycling World Championships Limited in 2020-21, taking into account the amounts required to meet the VisitScotland's liabilities falling due have already been included in the Scottish Government's estimates which have been approved by the Scottish Parliament. There is no reason to believe that the Scottish Government's future sponsorship and parliamentary approval will not be forthcoming. It is therefore appropriate to adopt a going concern basis for the preparation of these financial statements. Details of VisitScotland's liquidity position is given in Note 20.

ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangibles, inventories, and assets classified as held for sale.

FUNDING

Much of the expenditure incurred by VisitScotland is met from funds advanced by the Scottish Government within an approved allocation of Grant-in-Aid (“GIA”). Cash drawn down to fund expenditure within this approved allocation is credited to the general fund.

INCOME

Income receipts are accounted for in line with the requirements of IFRS 15: revenue is recognised when (or as) it satisfies a performance obligation, when control of the promised good or service has been passed over.

Where applicable, income is shown exclusive of Value Added Tax (VAT).

GOVERNMENT GRANTS

Where assets are financed by government grant or donation, the funding element is recognised as income and taken through the statement of comprehensive net expenditure. Deferral of this income will only occur when a condition has been imposed by the funder to the extent that it must be a requirement that the future economic benefits embodied in the grant/donation are consumed as specified by the grantor/donor or must be returned to them.

Grants-in-Aid, whether for revenue or capital purposes, are treated as contributions from controlling parties giving rise to a financial interest in the residual interest of the reporting entity, and are credited to general reserves.

EXPENDITURE

MARKETING ACTIVITIES

Marketing activities incorporate all expenditure, direct and indirect, associated with the marketing, selling, support, and delivery of the principal function of VisitScotland, i.e. the development of tourism in Scotland.

The expenditure is recorded in the period in which the goods are received, or the services are carried out.

PARTNERSHIP ENGAGEMENT

Partnership engagement includes all expenditure relating to the development of partnership arrangements to promote tourism in Scotland. It also includes all expenditure associated with the provision of direct support in the maintenance, and monitoring, of quality standards within the network of providers of tourist accommodation and facilities across Scotland.

The expenditure is recorded in the period in which the goods are received, or the services carried out.

SUPPORT SERVICES

Support services include the remaining administrative costs of running the organisation.

Where applicable, all categories of expenditure are shown exclusive of Value Added Tax (VAT).

GRANTS PAID

Grants awarded to third parties are accounted for on an accruals basis, subject to the grantee meeting specific terms and conditions attached to each grant.

INVENTORIES

Inventories of saleable publications, retail and promotional items are stated at the lower of cost and net realisable value.

Costs incurred in producing free issue brochures, and obtaining promotional items for which no selling price is charged, are written off to the statement of comprehensive net expenditure in the year of purchase.

FOREIGN EXCHANGE

Assets and liabilities denominated in foreign currencies have been translated into Sterling equivalent values at the spot rate of exchange ruling at the date of the statement of financial position.

Any exchange rate fluctuations are taken to the statement of comprehensive net expenditure.

INTANGIBLE ASSETS

In accordance with IFRS 3 an intangible asset acquired in a business combination is deemed to have a cost to VisitScotland of its fair value at the acquisition date. Intangible assets, arising upon acquisition, are recognised separately from goodwill.

Under IAS 38 "Intangible Assets", after initial recognition, intangible assets are carried at their re-valued amounts, being their fair value at the date of the revaluation, less any subsequent accumulated amortisation, and any subsequent accumulated impairment losses, unless there is no active market for those assets, in which case the assets are carried at the lower of depreciated replacement cost and value in use for cash generating assets, and depreciated replacement cost for non-generating assets.

Other intangible assets are stated at fair value determined at the date of acquisition of the related underlying business, or at cost if they are separately acquired or represent internally developed software, less accumulated amortisation and impairment losses.

Direct costs related to the development of software for internal use are capitalised only if the costs can be measured reliably, technological feasibility has been established, future economic benefits are probable and VisitScotland intends to use the software. All other costs are expensed as incurred.

Amortisation is computed, and charged to the statement of comprehensive net expenditure, using the straight-line method based on the estimated useful lives, which are as follows:

Information technology	2-4 years
Software licences	4-6 years
Web site development	1-6 years

Software licenses are capitalised when they are capable of being used in VisitScotland activities for more than one year, can be valued, and have a cost of at least £2,000.

The useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position.

An impairment review of other intangible assets is carried out annually by directors, and any impairment charged to the statement of comprehensive net expenditure.

IMPAIRMENT

The carrying value of VisitScotland's assets is reviewed at the date of each statement of financial position to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use.

NON-CURRENT ASSETS

Non-current assets are assessed at fair value. An impairment loss is recognised in the statement of comprehensive net expenditure for the amount by which the asset's carrying amount exceeds its recoverable amount.

In subsequent years, impairment losses recognised in respect of non-current assets other than goodwill may be reversed, and recognised immediately in the statement of comprehensive net expenditure. The carrying amount is increased to the revised estimate of the recoverable amount.

PROPERTY, PLANT AND EQUIPMENT

PROPERTY - LAND AND BUILDINGS

LAND AND BUILDINGS ARE CARRIED AT FAIR VALUE.

The fair value of all land and buildings is assessed by performing a full valuation at least every five years, and an interim valuation in year three. Interim valuations are carried out in years one, two and four where it is deemed likely that there has been a material change in value. The valuations are carried out by professionally Qualified Valuers, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards, insofar as these Standards are consistent with the agreed requirements of the FReM.

Land is regarded as having unlimited useful life and therefore is not depreciated.

Buildings are depreciated on straight line basis over their expected useful lives between 30-50 years.

Buildings under construction are valued at current cost. At first valuation after being brought into use, any write down of the cost is treated as impairment, and charged to the statement of comprehensive net expenditure.

Upon revaluation gains are credited to the statement of comprehensive net expenditure to the extent that they reverse previous impairment on that asset. All other gains are credited to the revaluation reserve.

Losses on revaluation are first charged against the surplus previously credited to reserve for that property, with the balance of any loss being charged to the statement of comprehensive net expenditure.

An annual review takes place to consider losses in value (impairment) due to a change in the consumption of economic benefits, with such losses being charged to the statement of comprehensive net expenditure.

UNCERTAINTY

A material uncertainty has been declared in the valuation report. This is due to market uncertainties caused by COVID-19. Market uncertainty is defined as 'where the degree of uncertainty in a valuation falls outside any parameters that might normally be expected and accepted.

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has reported on the basis of material valuation uncertainty, the valuer has continued to exercise professional judgment in preparing the valuation and, therefore, this is the best information available.

LEASEHOLD PROPERTY - DESIGNATED AS FINANCE LEASES

Leasehold land is accounted for as an operating lease.

In respect of leasehold buildings, the subject of a finance lease, they are recognised at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

At first valuation after being brought into use, any write down of the cost is treated as impairment and charged to the statement of comprehensive net expenditure.

Subsequent valuations are undertaken on the basis of the fair value of VisitScotland's remaining heritable interest in the leased building, in the same way as owned property.

Gains arising on revaluation are credited to the revaluation reserve, and losses are first charged against the surplus remaining, previously credited to the reserve, for that property, with the balance of any loss being charged to the statement of comprehensive net expenditure.

Upon early termination of a lease any surplus remaining in the revaluation reserve in respect of a leasehold building is transferred to the statement of comprehensive net expenditure in the year of termination.

NON-PROPERTY

LEASEHOLD BUILDING IMPROVEMENTS

Refurbishments are carried at fair value using appropriate indices, and depreciated straight line over the expected life of the building, or the term of the relevant lease, when shorter.

PLANT, EQUIPMENT, FIXTURES AND FITTINGS

Items of plant, equipment, fixtures and fittings are stated at cost, or valuation, less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of an asset, and includes borrowing costs incurred during construction.

Depreciation is computed, and charged to the statement of comprehensive net expenditure, using the straight-line method based upon estimated useful lives, taking into account the estimated residual value, together with any provision for permanent diminution in value.

All other subsequent expenditure represents repairs and maintenance, and is expensed as incurred.

The estimated useful lives of plant, equipment, fixtures and fittings are:

Vintage railway carriage	25 years
Fixtures and fittings	5-10 years
Plant & equipment	4-6 years
Computer equipment	2-6 years
Motor vehicles	4 years

Only plant and equipment and computer hardware costing in excess of £2,000 are capitalised.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are reviewed regularly to ensure that they continue to contribute positively to policy and business objectives. Assets that no longer provide the required level of contribution are considered for disposal by senior management.

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, the asset is being actively marketed for sale, and a sale within a period of 12 months being highly probable.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs of disposal.

Non-current assets held for sale are not depreciated, however, any impairment is charged to the statement of comprehensive net expenditure.

LEASES

VISITSCOTLAND AS A LESSEE

Property, plant and equipment acquired through finance lease arrangements or long-term rental arrangements that transfer substantially all the risks and rewards incidental to ownership are capitalised.

They are recognised at their fair value at the inception of the lease, or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a financing obligation. Lease payments are apportioned between finance charges and repayment of the finance lease obligation. Finance charges are charged directly to the statement of comprehensive net expenditure.

Contingent rentals are charged to the statement of comprehensive net expenditure in the period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives, on the same basis as owned assets, or the term of the relevant lease, whichever is shorter.

Leasehold Property - Land and Buildings - in use on a peppercorn rent are deemed 'owned' by VisitScotland, and recorded at fair value in the statement of financial position, and depreciated over their useful lives or the term of the relevant lease, whichever is shorter.

Leases that do not transfer substantially all risks and rewards incidental to ownership are classified as operating leases. Rentals payable are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

VISITSCOTLAND AS A LESSOR

Assets leased out under operating leases are included within their respective asset designation, and depreciated over their useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Any lease incentives are paid to lessees to enter into operating leases, such incentives are initially recorded as an asset and recognised as a reduction of rental revenue in the statement of comprehensive net expenditure on a straight-line basis over the term.

Where VisitScotland transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments.

As payments fall due, finance income is recognised in the statement of comprehensive net expenditure.

TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive net expenditure except to the extent that it relates to items recognised directly in reserves. In this case, the tax is also recognised in reserves.

The current corporation tax charge is calculated on the basis of the tax laws enacted, or substantively enacted, at the balance sheet date, and adjustments for current taxes payable (receivable) for prior years.

VisitScotland is liable to corporation tax only on bank interest received at the rate under current legislation, enacted, or substantively enacted at the date of the statement of financial position.

DEFERRED TAX

In accordance with IAS 12 'Income Taxes', full provision is made for tax assets and liabilities, arising from timing differences between recognition of gains and losses in the financial statements and their recognition in the tax computation.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted, or substantively enacted, at the date of the statement of financial position. Deferred tax is measured on a non-discounted basis.

Deferred tax assets, including deferred tax assets for tax loss carry forward positions, and tax credit carry forward positions, are recognised only to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilised.

FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES

VisitScotland has classified its financial instruments in accordance with IFRS 9.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value, which represent the invoiced amounts, less adjustment for estimated revenue deductions and subsequently measured at amortised cost.

FINANCIAL ASSETS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents with regard to GIA and all expenditure are held within the Government Banking Service (“GBS”) nominated accounts, and miscellaneous receivables within other commercial bank balances.

At initial recognition, VisitScotland classifies all other financial assets at fair value through the statement of comprehensive net expenditure. Financial assets are initially recognised at fair value (plus/net of transaction costs).

RECEIVABLES

This category comprises trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market.

Trade receivables are initially recognised at fair value that represent the invoiced amounts, less adjustments for estimated revenue deductions such as rebates and cash discounts.

Other receivables are carried at amortised cost (plus/net transaction costs) using the effective interest method, less any impairment losses. They are included in current assets, except for receivables with maturities greater than 12 months after the date of the statement of financial position.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the Board and Accountable Officer to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is as follows:

RETIREMENT BENEFIT OBLIGATIONS

The present value of retirement benefit obligations depends upon a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumptions used in determining the net cost or income for pensions include discount rate, salary growth, inflation rate, etc. Any changes in these assumptions will impact the carrying amount of retirement benefit calculations.

VisitScotland determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations.

In determining the appropriate discount rate, VisitScotland considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligations.

VisitScotland determines the appropriate rate for salary inflation based on consideration of inflation and long term assumptions in respect of salary increases.

Other key assumptions for retirement benefit obligations are based, in part, on current market conditions.

Additional information is disclosed in Notes 19.1 and 19.2.

VALUATION OF ASSETS

For all intangible assets, direct costs relating to the development of the asset are capitalised only if the costs can be measured reliably, technological feasibility has been established, and future economic benefits are probable. Management assess the business case prior to project initiation, at stages throughout the project, and on completion to ensure this criteria has been met.

The discounted cash flow model used to assess the impairment of intangible and tangible assets includes a number of assumptions, including estimates of future cash flows, discount rate, and other variables.

VisitScotland determines the appropriate discount rate at the end of each year that reflects current market assessments of the time value of money, and the risks specific to the asset.

UNCERTAINTY

A material uncertainty has been declared in the valuation report. This is due to market uncertainties caused by COVID-19. Market uncertainty is defined as 'where the degree of uncertainty in a valuation falls outside any parameters that might normally be expected and accepted.

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has reported on the basis of material valuation uncertainty, the valuer has continued to exercise professional judgment in preparing the valuation and, therefore, this is the best information available.

COMPARATIVE AMOUNTS

Comparative amounts are provided in accordance with IAS 1 'Presentation of Financial Statements', except where a Standard or Interpretation permits otherwise and includes narrative and descriptive information when this is relevant to the understanding of the financial statements.

If it is necessary to re-classify comparative amounts, but deemed impractical so to do, in accordance with IAS 1 re-classification is not adopted, and a note shown in the financial statements to that effect.

CHANGES IN ACCOUNTING POLICY, ACCOUNTING ESTIMATES AND MIS-STATEMENTS

Changes in accounting policy, accounting estimates and mis-statements, are recognised in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

PROVISIONS

Provisions are recognised when;

- i. VisitScotland has a present (legal or constructive) obligation as a result of past events;
- ii. it is more likely than not that an outflow of resources will be required to settle the obligation, and
- iii. the amount can be reliably estimated.

The amount recognised is the best estimate of the expenditure required to settle the obligation. Provisions are discounted (at a rate prescribed by HM Treasury) whenever the effect of the time value of money is significant.

RELATED PARTY TRANSACTIONS

Related party transactions are identified, considered and disclosed in line with the requirements of IAS 24 'Related Party Disclosures' (Note 25).

EMPLOYEE BENEFITS

a. Retirement benefits

VisitScotland employees are members of either Scottish Local Government Pension Schemes ("LGPS") or the British Tourist Boards' Pension Scheme ("BTBPS"). All existing and new members of staff have the option of joining either the Lothian local government pension scheme or the BTBPS.

Local Government Pension Schemes, and the British Tourist Boards' Pension Scheme ("the Schemes")

The Schemes are defined benefit pension schemes providing benefits based on final pensionable pay, which are contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Schemes are held separately from those of VisitScotland.

Defined benefit obligations are actuarially calculated at least annually at the date of the statement of financial position using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities.

Contributions to the Schemes are calculated so as to spread the cost of pensions over employees' working lives with VisitScotland. The contributions are determined by independent actuaries on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the Schemes in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Schemes after making allowances for future withdrawals.

The expected cost of providing staff pensions to employees contributing to the Schemes is recognised in the statement of comprehensive net expenditure on a systematic basis over the expected average remaining lives of members of the funds in accordance with IAS 19 'Employee Benefits' and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

All actuarial gains and losses so determined are recognised through the statement of comprehensive net expenditure.

b. Short-term employee benefits

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result an accrual has been made for holidays earned, but not taken. Accruals are recognised for material amounts in respect of holiday days, holiday pay, bonuses and other short-term benefits earned but not taken or paid at the date of the statement of financial position.

LOSSES AND SPECIAL PAYMENTS

Net operating cost includes certain losses which would have been made good through insurance cover had VisitScotland not been bearing its own risks. Losses and special payments are disclosed in Note 22 to the financial statements.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2020, have been adopted, where applicable to VisitScotland.

There are a number of new accounting standards which have been issued, but have not yet been applied by VisitScotland in these financial statements. The standards that are considered relevant to VisitScotland and the anticipated impact on the financial statements are as follows:

IFRS 16 – LEASES

Subject to EU adoption and Exposure Draft process this standard will be included in the FReM with effect from 21/22. The adoption of this standard will affect VisitScotland, as a lessee of property, vehicles and equipment. The new standard provides a single lessee accounting model, eliminating the distinction between operating and finance leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The impact of the financial statements has been estimated as part of an exercise for Scottish Government. The estimated impact is:

CDEL - £6.3m on initial recognition
Ringfenced RDEL - £0.8m depreciation

2

Segmental Reporting

On 28 February 2020 VisitScotland incorporated a new fully owned subsidiary, 2023 Cycling World Championships Limited. Any transactions in the period from 28 February 2020 to 31 March 2020 have been consolidated in these accounts. Due to the small number of transactions in the period, these have been included as footnotes. In the 20/21 financial year, full group accounts will be prepared.

3

Staff costs (included within gross expenditure)

	2020 £'000	2019 £'000
Salaries*, Social Security & Voluntary Severance	19,599	19,463
Pension Costs - Current service	6,183	6,395
Provision **(pension adjustment)	(73)	110
Total staff costs	25,709	25,968

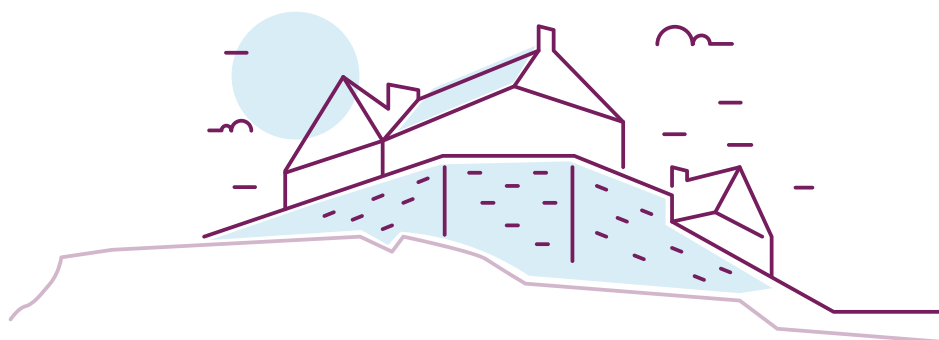
* Salaries cost includes fully owned subsidiary, 2023 Cycling World Championships, balance of £35k

** A provision has been included for £37k in relation to the McCloud judgement. This is the updated estimated liability liability provided by VisitScotland's actuary. Further details on Total Staff Costs can be found within the Remuneration & Staff report (see page 74w).

4

Admin costs (included within gross expenditure)

	2020 £'000	2019 £'000
Travel and hospitality	1,254	1,139
Property, information technology, and office expenses	5,085	5,971
Depreciation of tangible fixed assets	1,047	882
Amortisation of intangible assets	291	58
Impairment of tangible fixed assets	433	63
Net interest cost and return on pension assets	836	975
Loss on Sale of Property	219	17
Trade bad debts		
Written off	25	25
Increase/(decrease) in provision	74	(42)
(Decrease)/increase in past pension provision	(5)	(62)
(Decrease)/increase in dilapidations provision	(3)	
(Decrease)/increase in Mccloud provision	(73)	
Total administration overheads	9,183	9,026
Administration overheads also includes:	2020	2019
	£'000	£'000
Fees payable for the audit and assurance of these financial statements	73	71
Total audit fees	73	71



5

Retail and commercial income

	2020 £'000	2019 £'000
Retail		
Products income	2,627	3,219
Cost of sales	(1,261)	(1,464)
Gross surplus	1,366	1,755
Other consumer income	25	48
	1,391	1,803
Commercial		
Business promotion and advertising	1,848	1,509
Quality assurance	53	929
Miscellaneous income	273	508
	2,174	2,946
Total retail and commercial income	3,565	4,749

6

Other income

	2020 £'000	2019 £'000
Local authority income	128	343
Enterprise agency contributions		
Sundry income	601	1,058
Total other income	729	1,401

7 Financing costs

	2020 £'000	2019 £'000
Finance costs		
Interest charge - finance lease obligations	10	29
Total finance cost	10	29

Bank interest received was under £250 in 19/20



8 Intangible assets

	Development Costs £'000	Acquired Technology £'000	Software Licences £'000	Total £'000
At 1 April 2018	2,393	1,355	915	4,663
Additions	475	349	108	932
At 31 March 2019	2,868	1,704	1,023	5,595
At 1 April 2019	2,868	1,704	1,023	5,595
Additions	927		178	1,105
At 31 March 2020	3,795	1,704	1,201	6,700
Amortisation				
At 1 April 2018	2,393	1,307	731	4,431
Charge for the year		12	46	58
At 31 March 2019	2,393	1,319	777	4,489
At 1 April 2019	2,393	1,319	777	4,489
Charge for the year	119	99	73	291
At 31 March 2020	2,512	1,418	850	4,780
Net book value				
At 31 March 2020	1,283	286	351	1,920
At 31 March 2019	475	385	246	1,106
Asset Financing				
Owned/beneficially owned	1,283	286	351	1,920
Finance Lease	-	-	-	-
Net book value	-	-	-	-
At 31 March 2020				

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Non-current assets

FREEHOLD PROPERTY

All Freehold Land & Buildings, and those held under beneficial ownership, were valued at 31 March 2020 by Graham & Sibbald - Chartered Surveyors, on a fair value basis as defined in the Valuation Standards Standards 2014 (Red Book) issued by The Royal Institution of Chartered Surveyors.

LEASEHOLD FINANCE LEASE PROPERTY

All Finance Leashold properties were valued 31 March 2020 by Graham & Sibbald - Chartered Surveyors on a fair value basis with regard to the remaining heritage interest of VisitScotland.

This is year 4 in our 5 year valuation cycle.

INDEXATION ADJUSTMENT (TANGIBLE AND INTANGIBLE)

An indexation adjustment was applied a number of years ago across three categories of assets. This adjustment could not be applied to individual assets, and therefore, VisitScotland decided last year to unwind this adjustment. The impact of the unwind is shown in both notes 8 and 9.



	Assets Under Construction £'000	Land & buildings £'000	Leasehold improvements £'000	Fixtures, Fittings & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Vintage Railway Carriage £'000	Total £'000
At cost or valuation								
At 1 April 2018		3,261	6,765	5,415	2,618	43	497	18,599
Additions	800	0	326	18	572			1,716
Transfer				36				36
Revaluation		(843)						(843)
Disposals		(518)	(1,384)	(666)		(43)		(2,611)
At 31 March 2019	800	1,900	5,707	4,803	3,190	0	497	16,897
At April 1 2019	800	1,900	5,707	4,803	3,190	0	497	16,897
Additions		4	501		211			716
Transfer	(800)	544	256					0
Revaluation		(640)						(640)
Disposals		(408)			(173)			(581)
At 31 March 2020	0	1,400	6,464	4,803	3,228	0	497	16,392
Depreciation								
At 1 April 2018		877	5,597	5,280	1,977	43	200	13,974
Charge in the year		302	304	53	203		20	882
Transfer				36				36
Revaluation		(894)						(894)
On Disposal		(285)	(1,381)	(666)		(43)		(2,375)
At 31 March 2019		0	4,520	4,703	2,180	0	220	11,623
At April 1 2019		0	4,520	4,703	2,180	0	220	11,623
Charge for the year		365	275	43	344		20	1,047
Transfer								0
Revaluation		(172)						(172)
On Disposals		(193)			(169)			(362)
At 31 March 2020		0	4,795	4,746	2,355	0	240	12,136
Net book value								
At 31 March 2020		1,400	1,669	57	873	0	257	4,256
At 31 March 2019	800	1,900	1,187	100	1,010	0	277	5,274
Asset Financing								
Owned/beneficially owned		1,176	1,669	57	873	0	257	4,032
Finance Lease		224						224
Net book value		1,400	1,669	57	873	0	257	4,256
At 31 March 2020								

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Non-current assets classified as held for sale

	2020 £'000	2019 £'000
Freehold property		
At 1st April	0	25
Assets transferred in year		
Sale of Assets	0	(25)
Impairment	0	-
At 31 March	0	-

Land and buildings which are demonstrably available for sale on the open market, and for which a sale might be expected to be completed within the ensuing year, are classified within current assets, and are valued at market value less sale costs.

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Investment

INVESTMENT IN SUBSIDIARIES

The total cost of shareholdings held in the subsidiaries as at 31 March 2020 is £100 (2019: £100)

SUBSIDIARY COMPANIES

VisitScotland has seven subsidiary companies. As at 31 March 2020, the only active subsidiary is 2023 Cycling World Championships Limited. The remaining wholly owned subsidiaries, detailed below, are classified as non-trading and dormant:

- Scottish Tourist Board Limited
- Etourism Limited
- TourCo Limited
- Tourist Board Training Limited - Limited by guarantee
- VisitScotland Limited
- Visit Shetland Limited

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Inventories

	2020 £'000	2019 £'000
Retail stock	537	604
At 31 March	537	604

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Trade and other receivables

	2020 £'000	2019 £'000
Current		
Trade receivables	952	1,466
less: Provision for impairment (see note 15)	(173)	(99)
Trade receivables - net	779	1,367
Prepayments	623	968
Accrued income	80	15
Other receivables	14	79
At 31 March	1,496	2,429

Trade and other receivables reported above include:

Receivables - Public sector balances

	2020 £'000	2019 £'000
Current		
Local Authorities	30	40
Other Central Government bodies	160	166
At 31 March	190	206

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Cash and cash equivalents

	2020 £'000	2019 £'000
Balance at 1 April	5,721	5,414
Net change in cash and cash equivalent balances	3,435	307
At 31 March	9,156	5,721
The balances at 31 March were held at:		
Commercial banks and cash in hand*	3,998	3,814
Government Banking Service	5,024	1,753
Capital receipts unapplied	134	154
At 31 March	9,156	5,721

*includes fully owned subsidiary, 2023 Cycling World Championships, balance of £2m

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Receivables - provision for impairment

Impairment provisions are used to record impairment losses unless VisitScotland is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and written off directly against the financial asset:

Impairment provisions are as follows:

	Trade receivables £'000	Total £'000
At 1 April 2018	141	141
Utilised during year	(25)	(25)
Movement in Provision	(17)	(17)
At 31 March 2019	99	99
At 1 April 2019		
Utilised during year	(25)	(25)
Movement in Provision	99	99
At 31 March 2020	173	173

The following represents VisitScotland receivables for which full provision has been made at 31 March 2020 and the ageing of these variables was as follows:

	2020 £'000	2019 £'000
Under 60 days	-	-
Impairment	-	-
Over 90 days	173	99
Impairment	(173)	(99)
Impaired receivables at 31 March	173	99

Other than amounts due from subsidiary undertakings, receivables assessed as individually impaired were mainly as a result of various bed and breakfast, and hotel establishments, which went into administration, liquidation, etc.

Receivables which are less than three months past their due date are not considered to be impaired.

At 31 March 2020 receivables with a carrying value of £NIL (2019: £NIL) were past their due date, but not considered to be impaired.

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Trade and other payables

a. Current	2020	2019
	£'000	£'000
Trade payables	5,053	5,154
Social security and other taxes	404	411
Amounts owed to subsidiary undertakings	47	47
Accruals*	7,918	5,141
Deferred income	145	567
Other payables	743	175
	14,310	11,495
Corporation tax		-
At 31 March	14,310	11,495

*includes fully owned subsidiary, 2023 Cycling World Championships, balance of £1.9m

Trade and other payables reported above include:

b. Public sector balances	2020	2019
	£'000	£'000
Current		
Local Authorities	238	175
Other Central Government bodies	404	411
	642	586
At 31 March	642	586

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Other borrowings

	Minimum lease payments £'000	Future finance charges £'000	Present value of lease obligations £'000
Within one year	338	(10)	328
Between one and five years	212	(7)	205
After five years	-	-	-
At 31 March 2019	550	(17)	533
Within one year	99	(5)	94
Between one and five years	109	(3)	106
After five years	-	-	-
At 31 March 2020	208	(8)	200

Finance lease obligations are principally for buildings. Terms range from 20 to 25 years and include renewal options if reasonably certain, at the inception of the lease, that they will be exercised.

At the time of entering into finance lease agreements, the commitments are recorded at amounts equal to the fair value of the leased property, or, if lower, the present value of value of the minimum lease payments, using the interest rate implicit in the lease, if this is practicable to determine; if not, the Scottish Government advised interest rate for long-term borrowings is used.

As at 31 March 2020, the finance lease obligations are recorded at their present value at an average interest rate of 6% (2019: 6.0%)

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Operating leases

a. Operating lease agreements where VisitScotland is the lessee

VisitScotland has entered into commercial leases on certain properties, motor vehicles, and items of office equipment. The leases have a duration of between 1 and 15 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Leasehold properties		
Not later than one year	1,659	1,141
After one year but not more than five years	2,355	2,145
After five years	1,139	582
At 31 March	5,153	3,868

	2020 £'000	2019 £'000
Leasehold plant & equipment		
Not later than one year	100	111
After one year but not more than five years	70	90
After five years	-	-
At 31 March	170	201

b. Operating lease agreements where VisitScotland is the lessor

VisitScotland undertakes sub-lets of various premises to third parties on a rolling annual renewal basis, prior to arranging formal non-cancellable leases of between 1 and 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Not later than one year	21	176
After one year but not more than five years	0	149
After five years	-	-
At 31 March	21	325

19.1

Post-retirement benefits

BRITISH TOURIST BOARD'S PENSION SCHEME (BTBPS)

VisitScotland is a participant in the British Tourist Boards' Pension Scheme ("BTBPS) providing benefits and life assurance for staff based upon final pensionable salary. The scheme is a multi-employer defined benefit scheme, contracted out of the State Second Pension Scheme, with the principal Employer (also a participating Employer) being VisitBritain, VisitEngland together with the other participating Employers, namely VisitScotland, and the Welsh Assembly Government (accrual ceased with effect from 1 February 2009) (VisitLondon cease to be a participating employer in 2011/12). In April 2017, the BTB Scheme was closed to new VisitEngland and VisitBritain employees and from April 2020 it was fully closed to future accrual moving all current members to a deferred member status. VisitScotland is the only employer within the scheme which remains open for new staff to join.

Qualified independent actuaries XPS Pension Group estimated the liabilities of the Section by updating the results of the 2018 actuarial valuation to allow for the passage of time, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31 March 2018 to 31 March 2020.

The actuarial valuation review resulted in a new agreement. From the 1 July 2019 the rate of 30.1% (2019 23.5% composite rate) came into effect. This included employees' contributions of 5% (2019 5%) and employer's contributions of 25.1% (2019 18.5 composite rate). Employer contributions paid by VisitScotland for the year to 31 March 2020 amounted to £2,262,000 (2019 £1,823,000). The deficit contributions were paid in accordance with the recovery plan.

VisitScotland share of the Scheme assets, as disclosed at fair value, amounts to £75,982,000 (2019 79,242,000), as compared to its share of Scheme liabilities of £98,229,000 (2019 £104,785,000) results in the funded status of VisitScotland's share of the Scheme reflecting a liability of £22.247 million as at 31 March 2020 (2019: £25.543 million).

Early retirement and enhanced pension liabilities are accounted for under International Accounting Standard 37 'Provisions, Contingent liabilities and Contingent assets' (IAS37, and are disclosed in Note 24).

Assumptions

BTBPS

After consultation with actuarial advisors the Directors advise that the principal actuarial assumptions used are as follows:

Financial:

As at 31 March 2020	2020 % p.a.	2019 % p.a.
Inflation assumption	1.75 CPI	2.40 CPI
Principal rate of increase in pensionable salaries	2.25	2.90
Rate of increase for pensions in payment	1.75 CPI	2.40 CPI
Liability discount rate	2.25	2.65
Expected return on employer Assets	2.25	2.65

Mortality:

Pre and post retirement assumptions are based on the following criteria:

- Male Life expectancy is derived from 98% SAPS S2PXA table 2018 CMI projections trending to 1.25%
- Female Life expectancy is derived from 98% of SAPS S2PXA table with 2018 CMI projections trending to 1.25%

Expected age at death of current pensioner at age 65		
Male aged 65 at year end	86.70	87.5 years
Female aged 65 at year end	88.60	89.4 years
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	88.00	89.3 years
Female aged 45 at year end	90.10	91.2 years

Commutation:

It is assumed that 100% of active and deferred members will commute 10% of their pensions for a cash sum.

Assumptions

BTBPS

Sensitivity Analysis:

The degree of sensitivity to each of the actuarial assumptions is linked to the maturity profile of the liabilities, and the duration of VisitScotland's liabilities within the Scheme as at 31 March 2020 amounts to approximately 22 years. (2019 : 21.0 years). Under IAS 19 because the liabilities are discounted by reference to bond yields, whereas the Scheme invests a significant proportion of its assets in equities and other return seeking assets, scheme valuations, as required, are likely to remain volatile in future years.

The approximate impact of a 0.5% change in the respective RPI inflation and discount rate assumptions on the Scheme liabilities is as follows:

a. RPI Inflation

These calculations take into account an appropriate variance in the assumptions for the increases to pensions in payment, for the revaluation of deferred pensions before retirement and for salary growth to ensure consistency with the revised RPI inflation assumption. with the revised RPI inflation assumption.

		Central assumption	
	-0.5%	-0.5% / +0.5%	+0.5%
Liabilities	£88.4m	£98.2m	£109.5m

b. Discount rate

		Central assumption	
	-0.5%	0.5% / +0.5%	+0.5%
Liabilities	£109.9m	£98.2m	£88.2m

c. Life expectancy

The calculation sets out the effects if life expectancies increase or reduce by one year.

	-1 year	Central assumption	+1 year
Liabilities	94.2	98.2	102.2

These figures are provided for illustration only; they are not intended to be regarded as recommendation for this or for future accounting disclosures.

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2020

BTBPS

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	79,242	0	79,242
Present value of funded liabilities	0	104,785	(104,785)
Present value of unfunded liabilities	0	0	0
Opening position as at 1 April 2019	79,242	104,785	(25,543)
Service cost			
Current service cost**	(298)	4,004	(4,302)
Past service cost (including curtailments)	-	-	0
Effect of settlements	-	-	0
Total service cost	(298)	4,004	(4,302)
Net interest			
Interest income on plan assets	2,097	0	2,097
Interest cost on defined benefit obligation	0	2,801	(2,801)
Impact of asset ceiling on net interest	0	0	0
Total net interest	2,097	2,801	(704)
Total defined benefit cost recognised in statement of comprehensive net expenditure	1,799	6,805	(5,006)
Cashflow			
Plan participants' contributions	445	445	0
Employer contributions	2,262	0	2,262
Transfers in	0	0	0
Benefits paid	(2,609)	(2,609)	0
Expected closing position	81,139	109,426	(28,287)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	0	(3,227)	3,227
Change in financial assumptions	0	(7,933)	7,933
Other experience	0	(37)	37
Return on assets excluding amounts included in net interest	(5,157)	0	(5,157)
Changes in asset ceiling	0	0	0
Total remeasurements recognised in other comprehensive income	(5,157)	(11,197)	6,040
Fair value employer assets	75,982	0	75,982
Present value of funded liabilities	0	98,229	(98,229)
Closing position as at 31 March 2020	75,982	98,229	(22,247)

** The current service cost includes administration expenses of £132,396.42.

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2019

BTBPS

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	75,209	0	75,209
Present value of funded liabilities	0	104,777	(104,777)
Present value of unfunded liabilities	0	0	0
Opening position as at 1 April 2018	75,209	104,777	(29,568)
Service cost			
Current service cost**	(230)	4,082	(4,312)
Past service cost (including curtailments)	0	285	(285)
Effect of settlements	0	0	0
Total service cost	(230)	4,367	(4,597)
Net interest			
Interest income on plan assets	1,879	0	1,879
Interest cost on defined benefit obligation	0	2,704	(2,704)
Impact of asset ceiling on net interest	0	0	0
Total net interest	1,879	2,704	(825)
Total defined benefit cost recognised in statement of comprehensive net expenditure	1,649	7,071	(5,422)
Cashflow			
Plan participants' contributions	429	429	0
Employer contributions	1,823	0	1,823
Transfers in	0	0	0
Benefits paid	(2,129)	(2,129)	-
Expected closing position	76,981	110,148	(33,167)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	0	(9,718)	9,718
Change in financial assumptions	0	3,467	(3,467)
Other experience	0	888	(888)
Return on assets excluding amounts included in net interest	2,261	0	2,261
Changes in asset ceiling	0	0	0
Total remeasurements recognised in other comprehensive income	2,261	(5,363)	7,624
Fair value employer assets	79,242	0	79,242
Present value of funded liabilities	0	104,785	(104,785)
Closing position as at 31 March 2019	79,242	104,785	(25,543)

** The current service cost includes administration expenses of £230,000.

Fair value of employer assets

BTBPS

Asset category	31 MARCH 2020				31 MARCH 2019			
	Quoted Prices	Prices not	Total	%	Quoted Prices	Prices not	Total	%
	in Active	quoted in			in Active	quoted in		
	Markets	Active markets	Markets	Active markets				
£'000s	£'000s	£'000s	£'000s					
Equity Securities:								
Consumer	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Energy & Utilities	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Health & Care	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Debt securities:								
Corporate Bonds (investment grade)	-	-	-	-	-	-	-	-
Corporate Bonds (non-investment grade)	-	-	-	-	-	-	-	-
UK Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Private Equity:								
All	-	-	-	-	-	-	-	-
Real Estate:								
UK and Overseas Property	6,489	-	6,489	8.5%	6,777	-	6,777	8.6%
Investment funds and unit trusts:								
Equities	26,839	-	26,839	35.3%	18,956	-	18,956	23.9%
Corporate Bonds	1,916	-	1,916	2.5%	-	-	-	-
Hedge Funds	26,286	-	26,286	34.6%	30,937	-	30,937	39.0%
Commodities	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Other - LDI repo	11,387	-	11,387	15.0%	20,807	-	20,807	26.3%
Other - Insurance Annuities	1,431	-	1,431	1.9%	1,596	-	1,596	2.0%
Derivatives:								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Cash and cash equivalents:								
All	1,634	-	1,634	2.2%	169	-	169	0.2%
Totals	75,982	-	75,982	100.0%	79,242	-	79,242	100.00%

The Scheme has no investments in the Employer, or in property occupied by the Employer(s)

Fair value of employer assets

BTBPS

History of experience gains and losses

As at 31 March

	2020 £'000	2019 £'000	2018 £'000
Fair value of employer assets	75,982	79,242	75,209
Present value of defined benefit obligation	(98,229)	(104,785)	(104,777)
Net pension (liability)	(22,247)	(25,543)	(29,568)
Experience: (Losses)/gains on assets	(5,157)	2,261	96
Experience: (Losses)/gains on liabilities	11,197	5,363	1,375
	6,040	7,624	1,471
Experience: Cumulative actuarial (losses)/gains recognised	(510)	(6,550)	(14,174)

19.2

Post-retirement benefits

LOCAL GOVERNMENT PENSION SCHEMES (LGPS)

VisitScotland participates in a number of Local Government Pension Scheme (“LGPS”) which are defined benefit statutory schemes, administered in accordance with Local Government Pension Scheme (Benefits, membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme (Administration (Scotland) Regulations 2008, and also the Local Government Pension Scheme (Transitional Provisions) Regulations 2008.

All the LGPS have been contracted out of the State Second Pension Scheme (now cease), and the consolidated figures from each individual scheme are detailed in the tables below. The latest triennial formal valuations of LGPS Fund, in which VisitScotland participates, was carried out as at 31 March 2018.

The various LGPS Schemes in which VisitScotland participates, together with the employers’ contribution rates for the year, are as follows:

	2020	2019
	%	%
North East Scotland Pension Fund	19.3	19.3
Tayside Superannuation Scheme	17.0	17.0
Falkirk Council Pension Scheme	38.9	38.9
Dumfries and Galloway Council Pension Fund	21.5	21.5
Lothian Pension Fund	15.2	15.2
Strathclyde Pension Scheme	29.0	29.0
Highland Council Pension Fund	33.3	33.3
Highland Council Pension Fund (Western Isles)	20.4	20.4
Fife Council Superannuation Fund	24.5	24.5
Orkney Isles Council Pension Fund	-	-
Scottish Borders Council Pension Fund	18.0	18.0
Shetland Islands Council Pension Fund	40.6	40.6

Employee contributions are applied in tiers ranging from 5.5% to 12% depending upon the employee’s pensionable pay on 31 March.

Employers principal contributions paid by VisitScotland for the year to 31 March 2020 amounted to **£1,449,000** (2019:£1,374,000).

VisitScotland’s share of the LGPS Scheme assets, as disclosed at fair value, as at 31 March 2020, amounts to **£64,713,000** (2019:£67,603,000), which when compared to its share of Scheme Liabilities of **£69,170,000** (2019:£72,365,000) results in the funded status of VisitScotland’s share of the Scheme, as at 31 March 2020, standing at a reduced liability of **£4.457 million** (2019:£4.762million).

The assets split at the accounting date, as shown on page 119, is based on the split of each Fund’s asset as at the most recent date this information was available, and, particularly, the division between those assets with prices quoted in active markets and those where prices are not quoted in active markets is an estimated based on the allocation as provided last year.

Assumptions

LGPS

After consultation with actuarial advisors the Directors advise that the principal actuarial assumptions used are as follows:

Financial:

As at 31 March 2020	2020 % p.a.	2019 % p.a.
Inflation assumption	1.75 CPI	2.40 CPI
Principal rate of increase in pensionable salaries	2.25	2.90
Rate of increase for pensions in payment	1.75 CPI	2.40 CPI
Liability discount rate	2.25	2.65
Expected return on employer Assets	2.25	2.65

Mortality:

The mortality tables adopted are those applied at CMI 2018 model.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Expected age at death of current pensioner at age 65		
Male aged 65 at year end	86.1	86.9 years
Female aged 65 at year end	88.8	89.5 years
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	89.1	89.9 years
Female aged 45 at year end	92.0	92.7 years

The life expectancies shown are those in respect of the Lothain Pension Fund and these reflect the average life expectancies across all the members of the Fund.

Assumptions

LGPS

Commutation:

The allowance for commutation is consistent with the assumptions used at the formal valuations carried out as at 31 March 2020.

Major categories of plan assets as a percentage of total plan assets

The split of assets at 31 March 2020 between those with prices quoted in active markets and those where prices are not quoted in active markets is an estimate based on the equivalent split provided for the 31 March year end position.

Sensitivity Analysis

The degree of sensitivity to each of the actuarial assumptions is linked to the maturity profile of the liabilities, and the duration of VisitScotland's liabilities within the Scheme.

The approximate impact of a 0.5% change in the respective RPI inflation and discount rate assumptions on the Scheme liabilities, if all other assumptions remain unchanged is as follows:

	% Increase in Liabilities	Approximate amount £m
0.5% decrease in 'Real' Discount Rate	10.6%	7.3
0.5% increase in Salary Increase Rate	1.42%	1
0.5% increase in the CPI inflation Rate	8.1%	5.6
1 year increase in member life expectancy	3.0%	2.1

These figures are provided for illustration purposes only; they are not intended to be regarded as a recommendation for this or for future accounting disclosures.

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2020

LGPS

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	67,603	0	67,603
Present value of funded liabilities	0	72,365	(72,365)
Present value of unfunded liabilities	0	0	0
Opening position as at 1 April 2019	67,603	72,365	(4,762)
Service cost			
Current service cost*	0	1,881	(1,881)
Past service cost (including curtailments)	0	0	0
Effect of settlements	0	0	0
Total service cost	0	1,881	(1,881)
Net interest			
Interest income on plan assets	1,791	0	1,791
Interest cost on defined benefit obligation	0	1,923	(1,923)
Impact of asset ceiling on net interest	0	0	0
Total net interest	1,791	1,923	(132)
Total defined benefit cost recognised in statement of comprehensive net expenditure	1,791	3,804	(2,013)
Cashflows			
Plan participants' contributions	331	331	0
Employer contributions	1,384	0	1,384
Contributions in respect of unfunded benefits	65	0	65
Benefits paid	(1,758)	(1,758)	0
Unfunded benefits paid	(65)	(65)	0
Expected closing position	69,351	74,677	(5,326)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	0	(1,680)	1,680
Change in financial assumptions	0	(3,509)	3,509
Other experience	0	(318)	318
Return on assets excluding amounts included in net interest	(4,638)	0	(4,638)
Changes in asset ceiling	0	0	0
Total remeasurements recognised in other comprehensive income	(4,638)	(5,507)	869
Fair value employer assets	64,713	0	64,713
Present value of funded liabilities	0	69,170	(69,170)
Present value of unfunded liabilities	0	0	0
Closing position as at 31 March 2020	64,713	69,170	(4,457)

*The current service cost includes an allowance for administration expenses of 0.3% of payroll together with any other costs arising.

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2019

LGPS

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	63,064	0	63,064
Present value of funded liabilities	0	67,246	(67,246)
Present value of unfunded liabilities	0	1,169	(1,169)
Opening position as at 1 April 2018	63,064	68,415	(5,351)
Service cost			
Current service cost*	0	1,799	(1,799)
Past service cost (including curtailments)	0	0	0
Effect of settlements	0	0	0
Total service cost	0	1,799	(1,799)
Net interest			
Interest income on plan assets	1,701	0	1,701
Interest cost on defined benefit obligation	0	1,851	(1,851)
Impact of asset ceiling on net interest	0	0	0
Total net interest	1,701	1,851	(150)
Total defined benefit cost recognised in statement of comprehensive net expenditure	1,701	3,650	(1,949)
Cashflows			
Plan participants' contributions	325	325	0
Employer contributions	1,313	0	1,313
Contributions in respect of unfunded benefits	61	0	61
Benefits paid	(1,787)	(1,787)	0
Unfunded benefits paid	(61)	(61)	0
Expected closing position	64,616	70,542	(5,926)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	0	0	0
Change in financial assumptions	0	1,769	(1,769)
Other experience	0	54	(54)
Return on assets excluding amounts included in net interest	2,987	0	2,987
Changes in asset ceiling	0	0	0
Total remeasurements recognised in other comprehensive income	2,987	1,823	1,164
Fair value employer assets	67,603	0	67,603
Present value of funded liabilities	0	72,365	(72,365)
Present value of unfunded liabilities	0	0	0
Closing position as at 31 March 2019	67,603	72,365	(4,762)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll together with any other costs arising.

Fair value of employer assets

LGPS

The Fund's assets are at bid values as required under IAS 19

Asset category	31 MARCH 2020				31 MARCH 2019			
	Quoted Prices	Prices not	Total	%	Quoted Prices	Prices not	Total	%
	in Active	quoted in			in Active	quoted in		
	Markets	Active markets	Markets	Active markets				
£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000	%	
Equity Securities:								
Consumer	6,581	-	6,581	10.2%	7,277	-	7,277	10.8%
Manufacturing	8,390	48	8,438	13.0%	6,534	37	6,571	9.7%
Energy & Utilities	3,814	-	3,814	5.9%	3,413	-	3,413	5.0%
Financial Institutions	5,750	-	5,750	8.9%	5,587	-	5,587	8.3%
Health & Care	3,752	-	3,752	5.8%	3,052	-	3,052	4.5%
Information technology	3,494	3	3,497	5.4%	3,414	2	3,416	5.1%
Other	3,088	114	3,202	4.9%	3,978	147	4,125	6.1%
Debt securities:								
Corporate Bonds (investment grade)	1,675	407	2,082	3.2%	1,399	340	1,739	2.6%
Corporate Bonds (non-investment grade)	-	-	-	0.0%	-	-	-	0.0%
UK Government	2,762	380	3,142	4.9%	3,428	472	3,900	5.8%
Other	355	-	355	0.5%	5	-	5	0.0%
Private Equity:								
All	196	3,405	3,601	5.6%	216	3,743	3,959	5.9%
Real Estate:								
UK Property	1,082	3,427	4,509	7.0%	1,326	4,201	5,527	8.2%
Overseas Property	1	34	35	0.1%	3	216	219	0.3%
Investment funds and unit trusts:								
Equities	2,928	4,050	6,978	10.8%	3,612	4,996	8,608	12.7%
Bonds	414	1,975	2,389	3.7%	497	2,375	2,872	4.2%
Hedge Funds	-	-	-	0.0%	-	-	-	0.0%
Commodities	-	-	-	0.0%	8	-	8	0.0%
Infrastructure	176	689	865	1.3%	208	812	1,020	1.5%
Other	1,776	922	2,698	4.2%	2,005	1,041	3,046	4.5%
Derivatives:								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other	24	-	24	0.0%	4	-	4	0.0%
Cash and cash equivalents:								
All	1,920	1,081	3,001	4.6%	2,082	1,173	3,255	4.8%
Totals	48,178	16,535	64,713	100.0%	48,048	19,555	67,603	100%

Fair value of employer assets

LGPS

History of experience gains and losses

As at 31 March

	2020 £'000	2019 £'000	2018 £'000
Fair value of employer assets	64,713	67,603	63,064
Present value of defined benefit obligation	(69,170)	(72,365)	(68,415)
Net pension (liability)	(4,457)	(4,762)	(5,351)
Experience: (Losses)/gains on assets	(4,638)	2,987	(167)
Experience: (Losses)/gains on liabilities	5,507	(1,823)	3,369
	869	1,164	3,202
Experience: Cumulative actuarial (losses)/gains recognised	(489)	(1,358)	(2,522)

Total pension scheme employer's contributions reflected in the statement of comprehensive net expenditure

	2020 £'000	2019 £'000
British Tourist Boards' Pension Scheme	2,262	1,823
Local Government Pension Schemes	1,449	1,374
Other Pension Schemes	-	-
At 31 March	3,711	3,197

a. Total pension scheme actuarial losses/(gains) recognised in other comprehensive income

	2020 £'000	2019 £'000
British Tourist Board's Pension Scheme	(6,040)	(7,624)
Local Government Pension Schemes	(869)	(1,164)
At 31 March	(6,909)	(8,788)

b. Total deficit on retirement benefit obligations

	2020 £'000	2019 £'000
British Tourist Boards' Pension Scheme	(22,247)	(25,543)
Local Government Pensions Schemes	(4,457)	(4,762)
At 31 March	(26,704)	(30,305)

c. IAS 19 adjustment as disclosed in the performance report

	BTBPS £'000	LGPS £'000
Charges recognised in the statement of comprehensive net income	5,006	2,013
Employers contributions	(2,262)	(1,384)
Contributions in respect of unfunded benefits	-	(65)
Annually Managed Expenditure (AME)	2,744	564

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Financial instruments

VisitScotland has exposure to the following risks from the use of financial instruments:

Liquidity risk; Credit risk; Market risk; Currency risk.

This note presents information about VisitScotland's exposure to each of the above risks. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and stewardship of the risk management framework. The Audit & Risk Committee oversees how Management monitors compliance with VisitScotland's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by VisitScotland.

VisitScotland has no derivative financial assets or liabilities.

a. Liquidity risk

Liquidity risk is the risk that VisitScotland will not be able to meet its financial obligations as they fall due. The organisation's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due. VisitScotland's primary source of funds is the Grant-in-Aid provision from the Scottish Government. Other borrowings are representative of the Finance Lease obligations with regard to Leasehold properties reported in accordance with IAS 17, and highlighted in Note 17.

VisitScotland manages its liquidity by the monthly drawdown of Grant-in-Aid, and the daily management of cash resources. Regular monitoring of actual performance against budgets and forecasts takes place to ensure alignment with the annual operating plan.

The following tables summarise the maturity profile of VisitScotland's financial liabilities as at 31 March, based on contractual undiscounted payments.

Financial instruments

Financial liabilities	Net carrying amount £'000	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
As at March 2019					
Other borrowings	533	338	212	-	550
Trade and other payables	11,495	11,495	-	-	11,495
Total financial liabilities	12,028	11,833	212	-	12,045
As at 31 March 2020					
Other borrowings	200	99	109	-	208
Trade and other payables	14,310	14,310	-	-	14,310
Total financial liabilities	14,510	14,409	109	-	14,518

b. Credit risk

Credit risk is the risk of financial loss to VisitScotland if a customer, or counter party, fails to meet its contractual obligations, and arises from the trade receivables.

Credit risk arising from VisitScotland's normal operations is controlled from within the management framework of the Corporate Services directorate, in accordance with the policies and procedures laid down.

Provision is made for doubtful receivables upon the age of the debt and experience of collecting overdue debts. The movement in the impairment provision in respect of financial assets is set out in Note 15.

VisitScotland operates within the Government Banking framework and any remaining cash and cash equivalents are held with AAA rated banks, which are not expected to fail.

	2020 £'000	2019 £'000
Current receivables		
Trade and other receivables	1,496	2,429
Cash and cash equivalent		
Government Banking Service	5,024	1,753
Commercial banks	4,132	3,968
Unapplied capital receipts		-
At 31 March	10,652	8,150

Financial instruments

The maximum exposure to credit risk at the reporting date was:

c. Market risk

Market risk is the risk that market prices such as interest rates, foreign exchange rates and equity prices will affect the statement of comprehensive net expenditure, or the value of holdings in financial instruments.

Fair values of financial instruments

	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
Fixed interest rate				
At 31 March 2019				
Financial liabilities				
Other borrowings	(328)	(205)		(533)
Total	(328)	(205)		(533)
At 31 March 2020				
Financial liabilities				
Other borrowings	(94)	(106)		(200)
Total	(94)	(106)		(200)
Variable interest rate				
At 31 March 2019				
Financial assets				
Trade and other receivables	2,429	-	-	2,429
Cash and cash equivalents	5,721	-	-	5,721
Financial liabilities				
Trade and other payables	(11,495)	-	-	(11,495)
Total	(3,345)	-	-	(3,345)
At 31 March 2020				
Financial assets				
Trade and other receivables	1,496	-	-	1,496
Cash and cash equivalents	9,156	-	-	9,156
Financial liabilities				
Loans				
Trade and other payables	(14,310)	-	-	(14,310)
Total	(3,658)	-	-	(3,658)

Financial instruments

The following tables present the fair values of financial instruments compared to the carrying amounts for which these instruments are included in the statement of financial position.

Fair value hierarchy

	2020		2019	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Trade and other receivables	1,496	1,496	2,429	2,429
Cash and cash equivalents	9,156	9,156	5,721	5,721
Financial liabilities				
Other borrowings	(200)	(200)	(533)	(533)
Trade and other payables	(14,310)	(14,310)	(11,495)	(11,495)
At 31 March	(3,858)	(3,858)	(3,878)	(3,878)

VisitScotland's financial assets and liabilities that are valued at fair values are defined as follows:

Estimation of fair values

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	inputs other than quoted prices included within level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	inputs for the asset or liability that are not based on observable market data (i.e. unobservable market inputs).
	All material VisitScotland financial assets and liabilities are defined as level 3 instruments.

The following methods and assumptions were used to estimate fair values:

Trade and other receivables	The fair value is deemed to be the same as the carrying value, less any provision for impairment.
Cash and cash equivalents	The fair value is deemed to be the same as the carrying value.
Trade and other payables	The fair value is deemed to be the same as the carrying value.
Other borrowings	The fair value is deemed to be equal to the net present value of future lease payments.

Financial instruments

Interest rate sensitivity analyses

Loans

Cash and cash equivalents

VisitScotland operates within the Government Banking framework and by so doing does not engage in depositing monies outwith the framework. As a consequence there is minimal interest receivable on its daily bankings, and therefore the sensitivity analysis previously applied to monies held on deposit, and shown for illustrative purposes only, is no longer considered to be necessary.

d. Currency risk

VisitScotland is exposed to currency risk on transactions and balances that are denominated in currencies other than sterling. Where practical, VisitScotland enters into agreements in its functional currency in order to minimise currency risks.

VisitScotland is exposed to currency risk from its activities conducted overseas, but does not enter into any hedge arrangements, and does not consider such currency risk to be material.

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Provisions

	McCloud provision £'000	Dilapidation provision £'000	Pension provision £'000	Total £'000
At 1 April 2018	-	-	116	116
Utilised	-	-	(76)	(76)
Charged	110	545	14	669
At 31 March 2019	110	545	54	709
At 1 April 2019	110	545	54	709
Utilised	(73)	(3)	(5)	(81)
Charged				
At 31 March 2020	37	542	49	628

VisitScotland is liable for the pension associated with past chairmen, and the provision is adjusted, as necessary, to account for the timing of payments, and the resultant annually discounted liability.

The provision for dilapidations is where we have a liability for dilapidations charges and a cessation event within 12 months, however we do not have an exit date confirmed or exit planned.

The McCloud provision is in relation to the June 2019 outcome following the hearing of the UK government appeal against the ruling that transitional protections built into new pension schemes are age discriminatory. This provision has been created as the potential liability has not been reflected in the pension liabilities as presented in the IAS 19 note. VisitScotland has consulted with its actuary and have concluded that the judgement only affected LGPS schemes with a potential liability of £37k. Management have reviewed this and agreed to include a provision for £37k in the Balance Sheet as at 31 March 2020.

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Losses and special payments

	2020 £'000	2019 £'000
Total losses for the year were:		
Trade bad debts written off	25	25
At 31 March	25	25

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Capital commitments

As at 31 March 2020 there were no capital commitments (2019: £160k).

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Contingent liabilities

The impact of the change in accounting policy in 2012 with regard to the treatment of Government grants, etc., was such that the grants will no longer be held in reserve with amounts being released over the life of an asset. However, there remains the possibility that, until the official timeline expires in respect of a number of the grants that have been received, there may be a requirement to repay a proportion of such grants in the event that the associated assets were to be sold or the nature of their use was to be changed.

The valuation of LGPS pension liabilities at 31 March 2020 does not include an allowance for a potential 'past service cost' in light of the Lloyds judgement on guaranteed minimum pension (GMP) equalisation. At this point in time, VisitScotland is unable to reliably quantify an associated contingent liability.

The valuation of pension liabilities at 31 March 2020 do not include an allowance for a potential liability in light of the Goodwin judgment. At this point in time, VisitScotland is unable to reliably quantify an associated contingent liability.

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Post Balance Sheet Event

In light of the impact that Covid-19 had on markets, following the end of the financial year, management proactively engaged with the Actuary of the VisitScotland's pension schemes to assess the impact on the pension valuation post year end. Whilst this was not a full valuation of the scheme, it was a professional estimate as of 31 August 2020.

	LGPS		VS BTB	
	31 March 2020 As per Accounts	21 August 2020 (non adjusted estimate)	31 March 2020 As per accounts	21 August 2020 (non adjusted estimate)
Net Asset (liability)	(£4.5m)	(£6.8m)	(£22.2m)	(£32.5m)
Funding level (IAS19)	93%	92%	77%	72%

The professional estimate obtained from the Actuary, at this point in time, highlights that there has been a significant increase in the liabilities following 31 March 2020. Management have reviewed this and agreed this is a non-adjusting post balance sheet event. The next valuation will be in line with the preparation of the 2020-2021 Annual Report and Financial Statements and will reflect movements to that date.

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Related party transactions

VisitScotland is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government, which in turn, is regarded as a related party. During the year VisitScotland has had various material transactions, excluding Grant-in-Aid, with the Scottish Government, and with other entities for which the Scottish Government is regarded as the parent body.

Details of material transactions with other Government bodies and companies where Board members, Directors and senior staff, have an interest, are disclosed, as follows:

Representative	Company name	Role	Nature of supply	Sales to £'000	Debt balance £'000	Purchase from £'000	Creditor balance £'000
Anne Anderson	University of Glasgow	Vice-Principal*	Promotions/marketing projects	-	-	3.5	-
Rebecca Brooks	Scottish Tourism Alliance	Non-Executive Director		2.1	-	16.0	-
	Abbey Scotland	Managing Director	Sponsorship/marketing	4.7	-	-	-
Stephen Hagan	David MacBrayne Ltd (Calmac Ferries Ltd)	Non-Executive Director	Sponsorship / Mktg	3.6	-	49.2	-
Caroline Roxburgh	Edinburgh International Festival	Board Director/Trustee	Event sponsorship grant	12.2	-	53.4	-
	Royal Conservatoire of Scotland	Governor and Non-Executive Director		-	-	22.7	-
Cathy Craig	Argyll & The Isles Tourism Co-operative Ltd	Board Member**	Growth Fund and Event Grant	-	-	54	-
Paul Bush	Commonwealth Games Scotland	Chair	Sponsorship	-	-	1.2	-
	International Association of Event Hosts	Director	Membership fee	-	-	0.8	-
Malcolm Roughead	University of Strathclyde	Lay Member	Catering services	-	-	0.6	-
	Diageo	Shareholder	Event partner	15.1	11.4	-	-
	The Scottish Council for Development & Industry	Director	Membership fee	-	-	4	-

* Anne Anderson retired from University of Glasgow in July 2019

** Cathy Craig resigned from Argyll & The Isles Tourism Co-operative Ltd Board in November 2019.

A payment for annual membership of £120 was made to The Tourism Society of which Lord Thurso is the president of.

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

The nature of VisitScotland's operations, and the composition of its Board make it very likely that transactions will take place with companies or other organisations in which a member may have an interest. All transactions involving companies, or organisations in which a member may have an interest, are conducted at arm's length in the normal course of business, and in accordance with VisitScotland procurement guidelines and expenditure approval limits.

