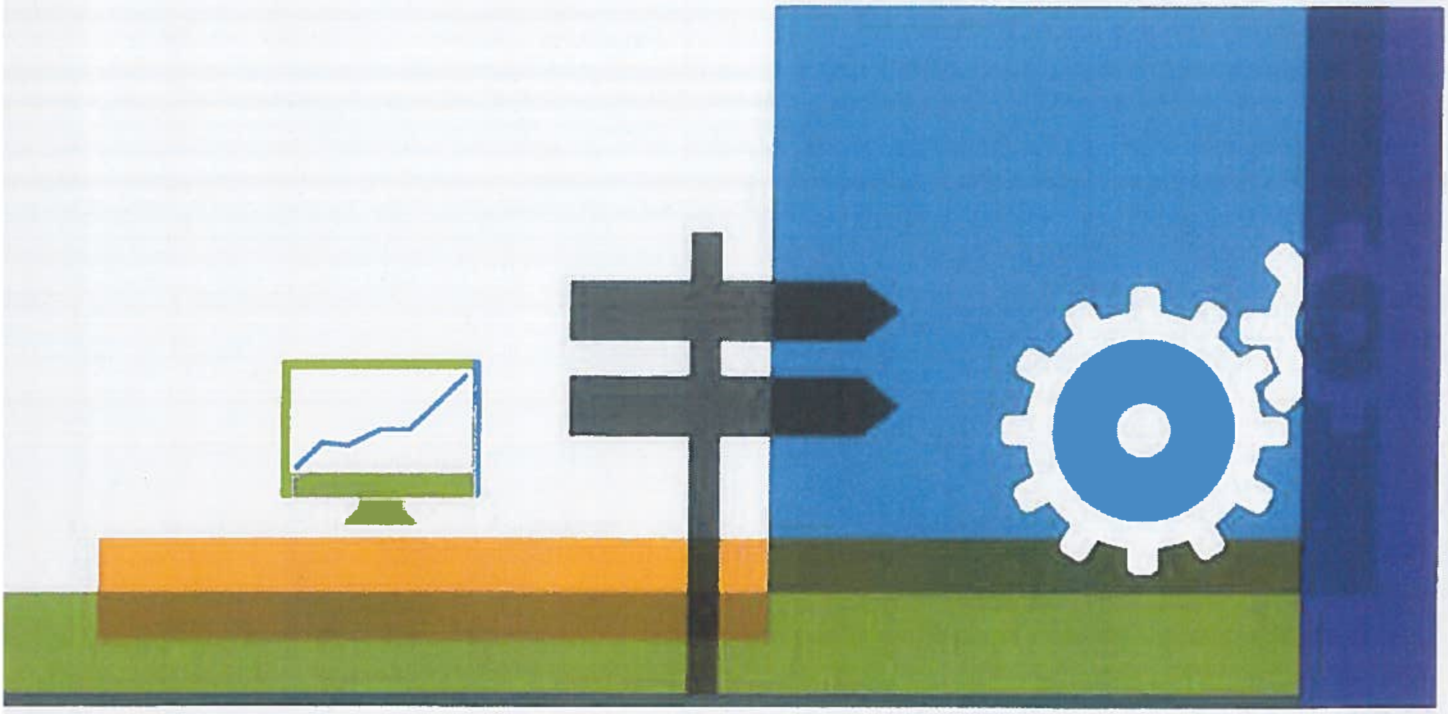
CAPITA



The British Tourist Boards' Staff Pension and Life Assurance Scheme

Scheme Registration Number: 10085336

Trustees' Annual Report and Financial Statements

For the Year Ended 31 March 2017

CONFIDENTIAL

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Foreword by the Chairman and Trustees

The Trustee Board held four formal meetings during the year ending 31 March 2017 as well as several conference calls. This year the meetings were held in London at our advisers' offices.

The major concern during the year has been the ongoing 2015 Triennial Valuation which we had hoped to settle in the autumn of 2017 but which is still not resolved. The Pensions Regulator has been kept informed and updated during the long drawn-out process to resolve the issue of the covenant. The employers, British Tourist Authority ("BTA") and VisitScotland, are trying to secure guarantees from their respective governments. At the conclusion of the financial year this matter had still not been resolved. Another Triennial Valuation is due as at 31 March 2018.

The principal employer, the British Tourist Authority has been reviewing the pension scheme as it affects BTA members at VisitBritain and VisitEngland. The first change was the closure of the scheme to new employees from 1 April 2017. New staff are enrolled in a separately run DC scheme. VisitScotland's scheme is still open to new entrants. VisitLondon/London Tourist Board and the Welsh Assembly Government schemes continue as before - closed and sectioned from the main scheme. Further changes are expected to the British Tourist Authority part of the scheme.

Pension liberation introduced by the Government in 2015 has resulted in a greater choice for employees but also in a number of attempted and successful pension scams. Members of our Defined Benefit scheme are not able to access their pension pots except by transferring their savings to a Defined Contribution scheme. In order to strengthen the checks on such transfers, we introduced a new element during the year which ensures that where larger sums are involved, in addition to the checks carried out by Capita, those wishing to withdraw their funds are interviewed by Xafinity Consulting, our Scheme actuaries.

More work in this area has continued and the Trustees have considered the cash equivalent transfer values and commutation factors and how they should be assessed, bearing in mind the future stability of the scheme.

Foreword by the Chairman and Trustees (continued)

During the year the Pensions Regulator advised all DB schemes to introduce Integrated Risk Management procedures. We have considered the best way of applying this to our investment strategy. Already, our move into Liability Driven Investment last year has worked in our favour during this continued period of low interest rates and volatility in equity markets. Overall our assets have grown substantially during the year but with an accompanying rise in liabilities. So the main scheme, representing VisitScotland, VisitBritain and VisitEngland members, is still in deficit.

At the end of the financial year it was decided to review all fund managers and our investment consultant to ensure that fund managers offered value for money and met their targets, and that we could take advantage of new investment opportunities. Two full days of trustee time was allocated to these reviews which took place in June 2017. We look forward to working with our strengthened investment team in the year ahead.

The Board of Trustees has also dealt with a number of issues raised by new external regulations and internal issues where our administrative services have not always been up to scratch. This is an issue which we will consider further in the year ahead.

The website has continued to be an important source of information for members. At the start of the new financial year we invested in an upgrade to provide greater functionality which was ready for launch in August 2017.

As chairman, I would like to thank Susan Bruce and Sue Garland who agreed to extend their terms as member nominated-trustees during this crucial period for the Board, and also the rest of our team of Trustees namely employer-nominated Trustees, Tony Murphy, Richard Lamont and William Smart, as well as member-nominated Trustee, Ylva French.

David Kidd
Chairman

Trustees' Report

We are pleased to introduce the thirty-third Annual Report of the Trustees which is presented in a format to comply with the Occupational Pension Scheme (Disclosure of Information) Regulations 1996, as amended.

Scheme Management

1. Constitution of the Scheme

The Scheme is a defined benefit scheme and provides retirement and death in service benefits for members (and their dependants). The Scheme, which is legally and financially separate from the Employers, is constituted by a Trust Deed and administered in accordance with Rules by the Trustees. It is contracted-out of the State Second Pension (S2P).

The Scheme is a registered scheme under the Finance Act 2004. Full tax relief is allowed on members' and employers' contributions up to the statutory limit, and on United Kingdom investment income, except for dividends arising from UK equities where tax relief is not available.

2. Participating Employers

The participating employers are:

VisitBritain (The principal employer)

1 Victoria Street

London SW1H 0ET

VisitScotland

Ocean Point One

94 Ocean Drive

Edinburgh EH6 6JH

Welsh Assembly Government (For Pension Protection Fund purposes only)

Crown Building

Cathays Park

Cardiff CF10 3NQ

Trustees' Report (continued)

Scheme Management (continued)

2. Participating Employers (continued)

The Welsh Assembly Government ceased to contribute to the Scheme on 1 February 2009. This employer cessation event triggered a section 75 debt and the Trustees entered into a withdrawal agreement which resulted in the repayment of the then deficit.

In addition, a guarantee has been agreed for the remaining debt on a buy-out basis. The amount of the guarantee has not been calculated, but will be calculated by the Scheme Actuary at the time of any event which triggers payment under the guarantee. In addition, further funding can be requested from the Welsh Assembly Government should the funding of the Scheme significantly worsen in the future. As a result of the financial guarantee by the Welsh Assembly Government they remain a participating employer for PPF purposes.

Members of the Scheme who became deferred as a result of the Welsh Assembly Government cessation on 31 January 2009 and who remain employed by the Welsh Assembly Government continue to enjoy a salary link on their deferred benefits.

VisitLondon was a participating employer until it entered into administration on 1 April 2011. The Greater London Authority paid a rescue payment of £6m to the Scheme, which was the additional amount the Scheme's Actuary anticipated was necessary for the Trustees to pay benefits in full to all VisitLondon members of the Scheme when they fall due. The assets of the VisitLondon Section of the Scheme are now invested in low risk corporate and government bonds, with the aim of ensuring that there are sufficient funds in the Scheme to pay all VisitLondon members' future pension benefits as they become payable.

3. Trustees

The Trustees who served during the year, and subsequently, were:

The Law Debenture Pension Trust Corporation plc (represented by David Kidd)
(Chair) (Employer Nominated)
Mrs S A Bruce (Member Nominated)
Mrs Y French (Member Nominated)
Mrs S Garland (Member Nominated)
Mr R Lamont (Employer Nominated)
Mr A Murphy (Employer Nominated)
Mr W Smart (Employer Nominated)
Secretary to the Trustees
Capita Employee Benefits Limited (represented by Mark Jelbert until 25 August 2017)
The Law Debenture Pension Trust Corporation plc (Represented by Catherine Palarca from 26 August 2017)

Trustees' Report (continued)

Scheme Management (continued)

3. Trustees (continued)

The Trustees are appointed and can be removed by the Principal Employer in accordance with the provisions of the Trust Deed and having regard to the arrangements currently in place for the election of Member Nominated Trustees as required by the Pensions Act 2004. There were five meetings and a number of telephone conference calls, held in the last year. All decisions are decided by a majority of Trustees present. If there is an equality of votes the Chairman of the meeting has the casting vote.

4. Technical Assistance

Many of the aspects of administering the Scheme call for specialist help and the following advise the Trustees and the Employers:

(a) Investment

During the year the assets of the Scheme were invested with FIL Pensions Management ("Fidelity"), Newton Investment Management ("Newton"), Baillie Gifford Life Limited ("Baillie Gifford"), Threadneedle Investments (Channel Islands) Limited ("Threadneedle"), Legal and General Investment Management Limited ("L&G") and BlackRock Investment Management Limited ("BlackRock").

All of the managers are authorised under the Financial Services and Markets Act 2000 to undertake investment business as the Scheme's investment managers.

Additional voluntary contributions are invested in policies with the Prudential Assurance Company, Legal and General Society and the Equitable Life Assurance Society. However, no members have paid contributions to the Equitable Life facility since November 2000 following their announcement to close off new business.

Hymans Robertson LLP are the Scheme's appointed Investment Adviser.

(b) Actuarial

The Scheme Actuary is Jonathan Seed of Xafinity Consulting, Scotia House, Castle Business Park, Stirling, FK9 4TZ.

The last actuarial valuation was carried out as at 31 March 2012. Work on the valuation as at 31 March 2015 is currently underway but has not yet been completed. The delay in completing the valuation is due to the time taken by the Employers in attempting to obtain formal support for the Scheme from Government departments (the Department of Digital, Culture, Media and Sport in particular).The Employers have also appointed their own covenant advisers in an attempt to help with this process. At this stage, however, the Trustees are unable to complete the valuation as they and the Employers are unable to agree on the assessment of covenant strength to be used.

There is not currently a timescale for completion, and The Pensions Regulator has been made aware of the delay.

(c) Legal

The Trustees are advised on legal matters relating to the Scheme by Squire Patton Boggs (UK) LLP of 7 Devonshire Square, Cutlers Gardens, London, EC2M 4YH.

(d) Audit

The Auditor to the Scheme is haysmacintyre, 26 Red Lion Square, London, WC1R 4AG.

Trustees' Report (continued)

Scheme Management (continued)

4. Technical Assistance (continued)

(e) Bank

The Scheme bank account, managed by Capita is held with National Westminster Bank Plc, Sheffield.

(f) Administration

The administration for the Scheme is provided by Capita Employee Benefits Limited. Enquiries about the Scheme generally or about an individual's entitlement to benefit should be sent to Capita, PO Box 4990, Sheffield, S1 9GE or by e-mail to BTBSPS@capita.co.uk

More information can also be found on the Scheme website at www.btbpensionscheme.org.uk

5. HM Revenue & Customs

The Scheme is registered with the HM Revenue & Customs in accordance with the Finance Act 2004. This enables the Scheme, including its membership, to enjoy a number of important and valuable tax advantages.

6. Growth Of The Fund

The Statement of Net Assets available for Benefits on page 23 shows that the Scheme had net assets with a value of £342,307,000 at 31 March 2017 (2016: £283,166,000). This represents an increase of £59,141,000 from the position at 31 March 2016. This increase is comprised of a net decrease of £6,989,000 from dealings with members and net returns on investments of £66,130,000.

7. Contributions

Following the Actuarial Valuation as at 31 March 2012, a Schedule of Contributions was agreed and certified by the Scheme Actuary on 11 December 2013. This sets out the level of deficit contributions payable from 1 December 2013 to 31 March 2033.

Trustees' Report (continued)

Scheme Management (continued)

8. Membership

A summary of the membership of the Scheme is given below:

	31.3.2017	31.3.2016
Active Contributing Members	404	383
Deferred Members	1,132	1,139
Pensioners	763	746
	2,299	2,268

Active Contributing Members		
Number of active members at commencement	383	374
New members from a previous period	2	91
Entrants in period, including those returning from maternity and sabbatical leave	81	3
Members leaving with defined benefits	(28)	(37)
Members leaving with defined benefits from previous period	(3)	(4)
Members leaving with undetermined benefits, or becoming inactive	(11)	(15)
Members leaving with undetermined benefits, or becoming inactive from previous period	(2)	(2)
Members leaving with contribution refunds	(11)	(15)
Retirements	(5)	(10)
Transfer out from previous period	(2)	(2)
Active and contributing members at account date	**404**	**383**

Deferred Members		
Number of deferred members at commencement	1,139	1,140
New Entrants	28	37
New Entrants from previous period	3	4
Transferred out	(9)	(3)
Retirements	(22)	(25)
Retirements from previous period	(2)	(1)
Commuted Benefits	-	(1)
Commuted Benefits from previous period	(2)	-
Unclaimed deferred benefits	(1)	(2)
Deaths	(2)	(5)
Died in previous period	-	(2)
Members reinstated to Active status in previous period	-	(3)
Deferred members at account date	**1,132**	**1,139**

Trustees' Report (continued)

Scheme Management (continued)

8. Scheme Membership (continued)

	31.3.2017	31.3.2016
Pensioners		
Number of pensioners at commencement	746	715
Spouse pension during year	4	10
New pensioners in year	27	35
New pensions in previous period	4	1
Pensions reinstated from suspend	2	1
Deaths	(19)	(13)
Suspended pension	(1)	(3)
Ineligible member	-	-
Commuted benefits in year	-	-
Pensioner members at account date	**763**	**746**

9. Increases In Pensions

Certain preserved pensions and all pensions in payment were increased during the Scheme year in accordance with the Pensions Increase Review which reflects the rise in the cost of living linked to the Consumer Prices Index (formerly the Retail Prices Index was used). For pensions that began before 1 April 2016 (and therefore apply to the year covered in this annual report) the increase was 1% (2016 - 0%) on benefits accrued prior to 6 April 1997 and 2% (2016 - 0.8%) on benefits accrued on or after 6 April 1997. Pensions that began on or after 1 April 2015 received an increase on a pro rata basis.

10. Cash Equivalent (Transfer Value)

The 'Public Sector Transfer Club' arrangements are operated where appropriate and, in the course of the Scheme year, a cash equivalent (transfer value) was calculated on request and verified in the statutory manner for each member entitled to preserved benefits whom, having left service, did not wish to leave those benefits preserved under the Scheme.

Each cash equivalent was not less than the full statutory amount appropriate to the member's preserved benefits.

There were no discretionary benefits granted in the year.

11. Complaints

The Scheme administrators should be able to resolve any queries in connection with the Scheme or member's entitlement to benefits. However, a formal Internal Disputes Resolution Procedure (IDRP) has been set up for members should they feel that a problem has not been resolved to their satisfaction. Details of the IDRP can be obtained from the Secretary to the Trustees, Catherine Palarca, at The Law Debenture Pension Trust Corporation plc.

Trustees' Report (continued)

Scheme Management (continued)

11. Complaints (continued)

Members and beneficiaries of Occupational Pension Schemes who have problems concerning their Scheme which are not satisfied by the information or explanation given by the administrator or the Trustees, can consult with The Pensions Advisory Service ('TPAS'). A local TPAS adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively TPAS can be contacted at:

11 Belgrave Road
London SW1V 1RB

Telephone: 0300 123 1047
Website address: www.pensionsadvisoryservice.org.uk

In cases where a complaint or dispute cannot be resolved normally after the intervention of TPAS, an application can be made to the Pension Ombudsman for them to investigate and determine any complaint or dispute of fact or law involving Occupational Pension Schemes. The Ombudsman's address is:

11 Belgrave Road

London SW1V 1RB

Telephone: 020 7630 2200

Website address: www.pensions-ombudsman.org.uk

12. Summary Funding Statement

In accordance with legislation, a Summary Funding Statement relating to the Actuarial Update as at 31 March 2014 (Main section) and 31 March 2017 (Visit London section) has been sent to all members of the Scheme within the statutory timescales. This is included in this report on pages 37 to 42.

13. Commutation factors

With effect from February 2016, the Trustees updated the Scheme's commutation factors, which are used when a member wishes to exchange part of their pension for a tax free cash sum at retirement. Previously the Scheme used a single factor of 9 to 1 so that members could exchange pension for cash at a rate of £1 of pension for a cash sum of £9. The 9 to 1 factor applied on retirement at any age and had been in place since the Scheme's establishment.

Having taken advice from the Scheme Actuary, the Trustees have put in place new factors which apply to current and future retirements. The new factors are age-related so that the cash sum provided takes into account the period over which the pension would have been paid. For members retiring at age 60, each £1 of pension given up will provide a cash sum of £15. For members retiring at 65, each £1 of pension given up will provide a cash sum of £13.50. Please note that the amount of tax free cash taken at retirement is subject to HMRC limits. Retirement quotation will show the maximum amount of cash that a member can take.

Members should consider taking independent financial advice when deciding whether to exchange part of their pension for a tax free cash sum. Members should also note that the Trustees will review the factors again from time and may update the factors again in future.

Trustees' Report (continued)

Scheme Management (continued)

Summary of Contributions payable for the Scheme Year ended 31 March 2017

During the Scheme year, the contributions payable to the Scheme by the Employer were as follows:

	Employee	Employer	Total
Required by the Schedule of Contributions	**£'000**	**£'000**	**£'000**
Normal contributions	693	2,377	3,070
Deficit funding contributions	-	527	527
Contributions towards administrative costs	-	263	263
Total	**693**	**3,167**	**3,860**
Other contributions payable			
Deficit funding contributions not required under the Schedule of Contributions	-	770	770
Additional voluntary contributions, including added years	15	-	15
WAG withdrawal agreement	-	126	126
Total	**708**	**4,063**	**4,771**

Signed on behalf of the Trustees: ....

(Trustee)

....

(Trustee)

Date: 31 October 2017

Trustees' Report (continued)

Investment Matters

Overview

The Trustees, with the assistance of their appointed investment adviser, determine the overall investment strategy for the Scheme and sets out the broad policy to be adopted by each of the appointed fund managers.

Investment managers

The names of those who have managed the Scheme's investments during the year are listed on page 6. The Trustees have delegated the day-to-day management of investment to their appointed fund managers. A written agreement between the Trustees and each manager sets out the terms on which the manager will act.

The managers' duties include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments as well as voting and corporate governance in relation to the Scheme's assets. The Trustees have reviewed each of the investment managers' policies on these issues. The Trustees believe that the policies adopted by the managers are consistent with their own views.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles which includes the Trustees' policy relating to ethical investment and the exercise of the rights attaching to investments. Any member may request a copy. This Statement may change from time to time according to advice received from the investment manager or consultants.

Departures from investment principles

During the year ended 31 March 2017 the Scheme's investments with BlackRock increased above the strategic target allocation. The portfolio has been designed to hedge a specific portion of the Scheme's liability interest rate and inflation sensitivity, therefore reducing the allocation back to target would reduce the Scheme's level of interest rate and inflation hedging. In order to maintain the Scheme's hedging levels the Trustees have therefore allowed for this allocation to 'float' and not rebalanced back to target.

Employer-related investments

The Scheme did not hold any employer related investments at the end of the Scheme year (2016: Nil).

Asset allocation

The value of the Fund's undesignated investment assets as at 31 March 2017 was £291.8m (this excludes Visit London assets of £31.3m). Details are as follows:

Investment Manager	Mandate	Valuation (£m)	Total Fund 31 March 2017 (%)	Strategic Benchmark (%)
Fidelity	Equity	60.7	20.8	20.0
Baillie Gifford	Diversified Growth	25.8	8.8	12.5
Newton	Diversified Growth	25.7	8.8	12.5
L&G	Equity	54.7	18.8	19.8
Threadneedle	Property	25.5	8.7	10.0
BlackRock	LDI	99.4	34.1	25.2
	Total	**291.8**	**100.0**	**100.0**

Trustees' Report (continued)

Investment Matters (continued)

Asset allocation (continued)

The value of the invested assets of Visit London Scheme as at 31 March 2017 was £31.3m. Visit London had £3.5m invested in Baillie Gifford's Diversified Growth fund and held £27.8m in a separate index-linked gilts account managed by L&G.

The total value of the invested assets of the Fund excluding Visit London assets shown on the previous page for £291.8m plus the Visit London assets shown above for £31.3m total the £323.1m shown for pooled investment vehicles on the Statement of Net Assets available for Benefits on page 23.

At the year end, all of the Fund's investments were considered to be marketable on a short term basis.

Review of investment performance

The table below shows a summary of the performance of each of the Scheme's investment managers. These performance figures are shown gross of annual management fees.

Investment Mandate	1 Year (%)		3 Year (% per annum)		5 Year (% per annum)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Fidelity select global fund	30.6	*32.2*	15.6	*15.6*	14.3	*13.8*
L&G Equities	25.1	*24.7*	11.6	*11.3*	11.3	*N/A*
Baillie Gifford Diversified Growth Fund	11.0	*3.9*	6.1	*4.0*	6.3	*4.0*
BlackRock LDI	44.5	*44.5*	38.4	*38.4*	N/A	*N/A*
Newton Real Return Fund	2.9	*4.4*	3.8	*4.5*	4.6	*4.5*
BlackRock LSF Diversified Credit Fund	8.2	*0.5*	5.1	*0.5*	N/A	*N/A*
Threadneedle Property Unit Trust	4.5	*3.7*	11.4	*10.2*	9.2	*8.5*

Gross returns have been estimated for managers that produce net returns only. BlackRock LSF Diversified Credit Fund 3 year performance figure is since inception 10 March 2015. BlackRock LDI 3 year performance figure is since inception 10 March 2015.

L&G are unable to provide 5 year benchmark performance figures for the total L&G portfolio.

The Threadneedle Property Unit Trust 5 year performance figure is shown net of management fees.

Investment risk disclosures

Investment risks are disclosed in note 16 on pages 32 to 35.

Trustees' Report (continued)

Statement of Trustees' Responsibilities

The financial statements are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- Show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and
- Contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised November 2014).

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis. The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are responsible under pension's legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Approval of the Trustees' Report

The Scheme information, membership information, Statement of the Trustees' Responsibilities and Executive Summary of the Actuarial Valuation included in this document form part of the Trustees' Report.

Signed as approved on behalf of the Trustees on 31 October 2017.

.... Trustee

.... Trustee

Trustees' Report (continued)

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or scheme documentation, should be sent to:

Capita
PO Box 4990
Sheffield
S1 9GE

BTBSPS@capita.co.uk

Signed on behalf of the Trustees by:

.... **Date:** 31/10/17.

Trustee

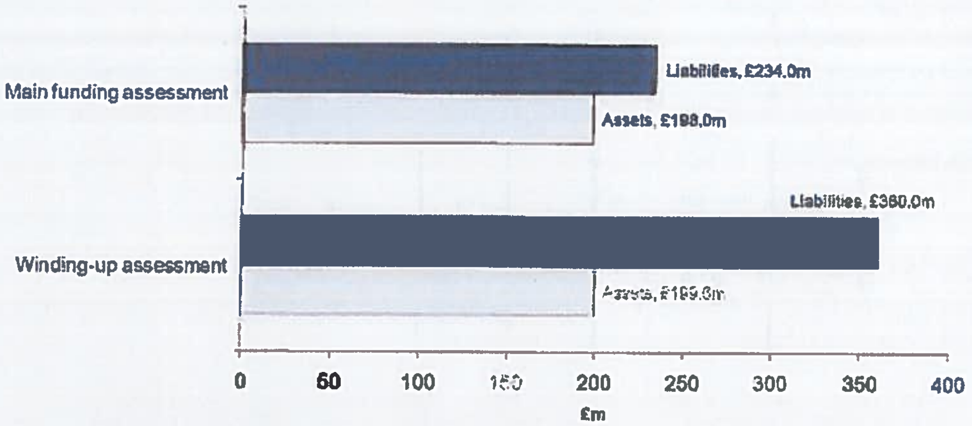
.... **Date:** 31 October 2017

Trustee

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2012. The key results are as follows:



Main funding assessment

In funding the Scheme, the Trustees' key objective is to ensure that there will be sufficient assets to meet all benefit payments as they fall due. With this in mind, the Trustees have set a target reserve for the Scheme based on a prudent estimate of the amount needed to meet all payments in respect of the benefits earned up to the valuation date.

The Funding Assessment gives a target reserve of £233,972,000 as at 31 March 2012. This compares with an asset value as at the same date of £198,014,000. Thus, there was a funding shortfall of £35,958,000 and a funding level (assets as a percentage of the target reserve) of 84.6%.

The previous valuation was undertaken as at 31 March 2009. That valuation revealed a funding shortfall of £36,777,000.

The funding shortfall as at 31 March 2009 relating to the Main section of the Scheme only was £34,404,000. We have arrived at this figure after deducting approximate results in relation to the Visit London section. The key influences on the funding position between the two valuations were as follows:

- A significant fall in gilt yields on which the valuation assumptions are set has resulted in an increase to the deficit;
- This increase was partially offset by greater than expected returns on the invested assets, and deficit reduction contributions made by the employers.

To fund the continuing accrual of benefits, the employers contribute 24.4% of pensionable salary for members with a normal retirement age of 60 and 13.1% for members with a normal retirement age of 65. This is in addition to member contributions of 5%, the contributions required under the Recovery Plan and contributions towards Scheme expenses.

Report on Actuarial Liabilities (continued)

Winding-up assessment

We have also completed a winding-up assessment of the Scheme as at 31 March 2012. This determines the extent to which the Scheme's assets would be sufficient to secure members' benefits by the purchase of insurance policies if the Scheme were to be closed and wound up. The winding-up assessment places a value on the Scheme's liabilities of £360,045,000 compared with the asset value of £199,647,000. This gives a winding-up funding level of 55.5%.

The winding-up liabilities are much higher than the ongoing funding liabilities because the estimated cost of purchasing insurance policies to secure the benefits is significantly higher than the anticipated cost of providing benefits from the Scheme's assets.

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Financial assumptions

The Trustees base their financial assumptions on financial market statistics, in particular the yields on fixed interest and index-linked government bonds. Changes in these underlying statistics mean that the discount rate before and after retirement are lower whilst future price inflation is higher.

	Funding Assumptions at 31 March 2012		Funding Assumptions at 31 March 2009	
	Past Service	Future Service	Past Service	Future Service
Discount rate before retirement	5.20%	5.50%	6.5%	7.0%
Discount rate after retirement	3.85%		5.2%	5.0%
Future price inflation (RPI)	3.20%		2.7%	
Future price inflation (CPI)	2.60%		n/a	

Report on Actuarial Liabilities (continued)

Demographic assumptions

The most important demographic assumption is that for the future life expectancy of members. As part of the valuation process the Trustees reviewed the prospects for members' life expectancies. As a result, the Trustees have updated their assumptions to take account of the most recently available data. Sample assumed life expectancies are set out in the table below, along with some of the other key demographic assumptions:

	Funding Assumptions at 31 March 2012	Funding Assumptions at 31 March 2009
Sample life expectancies from age 65		
- Male currently age 65	22.5	22.5
- Female currently age 65	24.7	24.3
- Male currently age 45	24.2	24.9
- Female currently age 45	26.6	25.8
Commutation for cash lump sum on retirement	All members will elect to exchange 10% of their pension for cash at retirement at a rate of £9 cash per £1 pension.	All members will elect to exchange 10% of their pension for cash at retirement at a rate of £9 cash per £1 pension.
Retirement	All members will retire at their Normal Retiring Dates.	All members will retire at their Normal Retiring Dates.

A deed of amendment was signed on 27 January 2016 to change the level of cash lump sum for commutation payments. The cash amount is now variable according to the member's age at the payment date of their pension.

Actuary's Certification of the Schedule of Contributions

xafinity

Certification of Schedule of Contributions

The British Tourist Boards' Staff Pension and Life Assurance Scheme (Main Section) – ("the Scheme")

Adequacy of Rates of Contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan dated 11 December 2013.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 6 December 2013.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:		**Date:**	11 December 2013
Name:	Lyndon Jones	**Qualification:**	Fellow of the Institute and Faculty of Actuaries
Address:	42 Greyfriars Road Reading RG1 1NN	**Employer:**	Xafinity

Independent Auditors' Report to the Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme

We have audited the financial statements of the British Tourist Boards' Staff Pension and Life Assurance Scheme for the year ended 31 March 2017 which comprise the fund account, the statement of net assets available for benefits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

This report is made solely to the Scheme's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2017, and of the amount and disposition at that date of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

haysmacintyre
Statutory Auditor
London

Date: 31 October 2017

Independent Auditor's Statement about Contributions to the Trustees of the British Tourist Board Staff Pension and Life Assurance Scheme

We have examined the Summary of Contributions payable to the British Tourist Boards' Staff Pension and Life Assurance Scheme, for the Scheme year ended 31 March 2017 which is set out on page 11.

This statement is made solely to the Scheme's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions paid to the Scheme and the timing of those payments under the Schedule of Contributions.

Statement about contributions payable under the schedules of contributions

In our opinion contributions for the Scheme year ended 31 March 2017, as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the former Scheme Actuary on 11 December 2013.

haysmacintyre
Statutory Auditor
London

Date: 31 Oct 2017

Fund Account

	Note	2017 £'000	2016 £'000
Contributions and benefits			
Employer contributions	3	4,063	5,048
Employee contributions	3	708	680
Total contributions		4,771	5,728
Transfers in	4	71	30
		4,842	5,758
Benefits paid or payable	5	(9,079)	(8,258)
Payment to and on account of leavers	6	(2,131)	(1,337)
Administration expenses	7	(582)	(606)
Other payments	8	(39)	(46)
		(11,831)	(10,247)
Net withdrawals from dealings with Members		(6,989)	(4,489)
Returns on investments			
Investment income	9	22,588	3,394
Change in market value of investments	10	44,127	5,258
Investment management expenses	11	(585)	(486)
Net returns on investments		66,130	8,166
Net increase in the fund during the year		59,141	3,677
Net assets of the Scheme at start of year		283,166	279,489
Net assets of the Scheme at end of year		342,307	283,166

The accompanying notes on pages 24 to 36 are an integral part of these financial statements.

Statement of Net Assets available for Benefits

	Note	At 31 March 2017 £'000	At 31 March 2016 £'000
Investment assets:			
Pooled investment vehicles	10	323,104	263,260
AVC investments	10	450	394
Insurance policies - annuities	10	16,570	17,222
Accrued income	10	376	397
Total investments		340,500	281,273
Current assets	17	2,669	2,738
Current liabilities	18	(862)	(845)
Net assets of the Scheme at end of year		342,307	283,166

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 16 to 18 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 36 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 31 October 2017.

Signed on behalf of the Trustees: ....

(Trustee)

....

(Trustee)

Notes to the Financial Statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice (Revised November 2014).

In adopting FRS 102, the Trustees have adopted the provisions of 'Amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland – Fair value hierarchy disclosures (March 2016)' early.

2. Accounting policies

The principal accounting policies of the Scheme are as follows:

Contributions

Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer augmentation contributions are accounted for in accordance with the agreements under which they are payable.

Employer deficit funding and admin expense contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and Trustees.

Employer S75 debt contributions are accounted for when a reasonable estimate of the amount receivable can be determined.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Payments to members

Benefits are accounted for in the period in which the member notifies the Trustees of his or her decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Pensions in payment are accounted for in the period to which they relate.

Opt-outs are accounted for when the Scheme is notified of the opt-out.

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

Expenses

Expenses are accounted for on an accruals basis.

Investment income

Income from cash and short term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Receipts from annuity policies held by the Trustees to fund benefits payable to Scheme members are included within investment income on an accruals basis.

Investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

Presentation currency

The Scheme functional and presentation currency is Pounds Sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Notes to the Financial Statements (continued)

3. Contributions

	2017 £'000	2016 £'000
Employer contributions		
Normal	2,377	2,295
Augmentation	-	463
Deficit contributions	1,297	1,883
Administration contributions towards administrative costs	263	257
WAG withdrawal	126	150
	4,063	5,048
Employee contributions		
Normal	693	659
Additional voluntary contributions, including added years	15	21
	708	680
	4,771	5,728

The augmentations were paid by the employer to enhance the benefits of individual members.

Under the Schedule of Contributions deficit contributions are payable from 1 April 2014 to 31 March 2033 to eliminate the shortfall. £360,000 p.a. is due from VisitBritain and £140,000 p.a. is due from Visit Scotland, increasing by 2.6% annually from 1 April 2015. There are also contributions due from 1 April 2014 to 31 March 2033 in respect of administrative expenses of £180,000 p.a. for VisitBritain and £70,000 p.a. for Visit Scotland, increasing by 2.6% annually from 1 April 2015.

VisitBritain paid additional deficit contributions in the year to 31 March 2017 of £770,000 (2016: £1,370,000).

4. Transfers in

	2017 £'000	2016 £'000
Individual transfers from other arrangements	71	30

Notes to the Financial Statements (continued)

5. Benefits paid or payable

	2017 £'000	2016 £'000
Pensions	7,946	7,732
Commutations of pensions and lump sum retirement benefits	1,049	479
Lump sum death benefits	84	40
Taxation where lifetime or annual allowance exceeded	-	7
	9,079	8,258

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

6. Payments to and on account of leavers

	2017 £'000	2016 £'000
Refunds to members leaving service	50	85
Individual transfers out to other arrangements	2,081	1,188
Pension sharing on divorce	-	64
	2,131	1,337

7. Administration expenses

	2017 £'000	2016 £'000
Administration and processing	141	129
Audit fee	15	14
Legal and other professional fees	111	124
Actuarial expenses	69	128
Other expenses	3	4
PPF levy	197	170
Irrecoverable VAT	46	37
	582	606

Notes to the Financial Statements (continued)

8. Other payments

	2017 £'000	2016 £'000
Life assurance premiums	39	46

9. Investment Income

	2017 £'000	2016 £'000
Management fee rebate	145	120
Compensation from investment managers	-	3
Interest on cash deposits	2	2
Annuity income	1,987	1,725
Income from pooled investment vehicles	20,454	1,544
	22,588	3,394

Income from pooled investment vehicles in 2017 includes £17.7m of income from the BlackRock Liability Hedging Investments.

10. Reconciliation of investments held at the beginning and end of the year

	Value at 1 April 2016 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 March 2017 £'000
Pooled investment vehicles	263,260	50,275	(35,159)	44,728	323,104
Insurance policies - annuities	17,222	-	-	(652)	16,570
AVC investments	394	9	(4)	51	450
	280,876	**50,284**	**(35,163)**	**44,127**	**340,124**
Accrued income	397				376
	281,273				**340,500**

Notes to the Financial Statements (continued)

10. Reconciliation of investments held at the beginning and end of the year (continued)

Concentration of Investments

The Scheme's net assets comprised of the following at the year end.

Investments	**2017 £'000**	**Percentage of Scheme's net assets %**
Fidelity World Equities	54,018	15.8
Legal & General UK Equity Index	40,179	11.8
BNY Mellon Newton Real Return Fund	25,731	7.5
Baillie Gifford Diversified Growth Fund	29,278	8.6
Threadneedle Property Unit Trust Class A Units	25,585	7.5
Legal & General Gilts (Visit London)	27,753	8.1
Fidelity Emerging Markets	6,686	2.0
Legal & General North America Equity Index	4,385	1.3
Legal & General Europe (ex-UK) Equity Index	4,571	1.3
Legal & General Japan Equity Index	2,687	0.8
Legal & General Asia Pacific (ex-Japan) Equity Index	2,860	0.8
BlackRock Fixed Income	7,179	2.1
BlackRock Liability Hedging	92,192	26.9
AVCs	450	0.1
Insurance policies - annuities	16,570	4.8
Accrued income	376	0.1
Invested assets	**340,500**	**99.5**
Current assets less current liabilities	1,807	0.5
Total net assets	**342,307**	**100.0**

The annuity policies above are issued by Prudential, Aviva, Reassure and Friends Life and are valued by the Scheme Actuary. No collateral is held in relation to these assets.

The funds are all UK registered except the Threadneedle Property Unit Trust which is held with Threadneedle Investments (Channel Islands) Limited and registered in Jersey.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The Scheme incurs no direct transaction costs.

Notes to the Financial Statements (continued)

11. Investment management expenses

	2017 £'000	2016 £'000
Administration, management and custody	**585**	486

12. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2017 £'000	2016 £'000
Equity	115,386	92,041
Bonds	127,124	93,167
Property	25,585	25,233
Absolute Return	55,009	52,819
	323,104	263,260

14. AVC investments

AVC investments are identified and accounted for separately from the investments of the Scheme. They are used to provide additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement made up to 31 March confirming the amounts held in their AVC fund and the movements in the year. The aggregate amounts of AVC investments are as follows

The aggregate amounts of AVC investments are as follows:

	2017 £'000	2016 £'000
The Equitable Life Assurance Society	5	5
Prudential Assurance Company	436	383
Legal & General	9	6
	450	394

Members may also purchase additional years with contributions to the main fund.

Notes to the Financial Statements (continued)

15. Fair value determination

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 31 March 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	297,519	25,585	323,104
AVC investments	-	110	340	450
Insurance policies - annuities	-	-	16,570	16,570
Other investment balances	376	-	-	376
	376	**297,629**	**42,495**	**340,500**

As at 31 March 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	238,027	25,233	263,260
AVC investments	-	90	304	394
Insurance policies - annuities	-	-	17,222	17,222
Other investment balances	397	-	-	397
	397	238,117	42,759	281,273

Notes to the Financial Statements (continued)

16. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

- **Currency risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- **Other price risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Credit risk

The Scheme invests through pooled investment vehicles in assets that contain credit risk through its index-linked gilts mandate managed by Legal and General, and its liability driven investment and diversified credit mandates, both managed by BlackRock. The credit risk from the index-linked gilts and liability driven investment mandates is mitigated by investing solely in index-linked gilts that are high quality investment grade bonds backed by the full credit and faith of the United Kingdom government. BlackRock enter cashflow swaps with a wide range of counterparties monitored by them in order to obtain leverage in each fund. The credit risk from the diversified credit mandate is mitigated by investing in investment grade rated issuers and through the investment managers' continuous analysis on the credit quality of the securities held within this mandate.

The total indirect credit risk is as follows:

As at 31 March 2017	Investment Grade	Non-investment Grade	Unrated	Total
	£'000	£'000	£'000	£'000
PIVs	127,286	-	-	127,286

As at 31 March 2016	Investment Grade	Non-investment Grade	Unrated	Total
	£'000	£'000	£'000	£'000
PIVs	93,167	-	-	93,167

Notes to the Financial Statements (continued)

16. Investment risk disclosures (continued)

Credit risk (continued)

The Scheme also invests in two absolute return mandates managed by Baillie Gifford and Newton. The underlying assets held in these mandates may contain indirect credit risk, however due to the dynamic asset allocation and holistic risk management focus employed by both managers a look-through basis has not been used for these mandates. Instead, the risks have been accounted for in 'other price risk'.

The Scheme is also exposed to the credit risk arising from the financial instruments the investment managers use in the efficient management of the Scheme's pooled investment vehicles; this mostly concerns the use of derivative instruments.

Direct credit risk on units held in pooled investment vehicles is mitigated by the underlying assets held in trust and separate from the assets of the investment managers. The risk is further mitigated by the Trustees investing in regulated markets and regularly reviewing the investment managers in conjunction with their investment adviser.

Currency risk

The Scheme is subject to currency risk because it invests through pooled investment vehicles in equity assets denominated in a foreign currency. Accordingly, the value of the Scheme's assets may be affected favourably or unfavourably by fluctuations in currency rates.

The Scheme's liabilities are denominated in Sterling. The Scheme is subject to indirect currency risk from the underlying equity holdings in the pooled investment vehicles managed by Fidelity and Legal and General. In the year ending 31 March 2017 it was the Trustees' policy not to hedge the currency risk arising from these mandates.

In June 2017 the Trustees changed the mandate with Legal and General to invest in the hedged version of the existing funds. The overseas equity element of the funds is 25%, with 75% being UK equities.

The Scheme's total net unhedged exposure at the year-end was as follows:

	2017 £'000	2016 £'000
PIVs	70,800	55,688

The Scheme also invests in two absolute return mandates managed by Baillie Gifford and Newton. The underlying assets held in these mandates may contain indirect currency risk, however due to the dynamic asset allocation and holistic risk management focus employed by both managers a look-through basis has not been used for these mandates. Instead, the risks have been accounted for in 'other price risk'.

Interest rate risk

The Scheme invests through pooled investment vehicles in assets that contain interest rate risk through its index-linked gilts mandate managed by Legal and General, and its liability driven investment and diversified credit mandates, both managed by BlackRock. The Trustees invest the liability driven investment mandate in leveraged index-linked gilts that should move broadly in-line with the Scheme's liabilities as a consequence of changing interest rates.

Notes to the Financial Statements (continued)

16. Investment risk disclosures (continued)

Interest rate risk (continued)

The total indirect interest rate risk is as follows:

	2017 £'000	2016 £'000
PIVs	**127,286**	**93,167**

The Scheme also invests in two absolute return mandates managed by Baillie Gifford and Newton. The underlying assets held in these mandates may contain indirect interest rate risk, however due to the dynamic asset allocation and holistic risk management focus employed by both managers a look-through basis has not been used for these mandates. Instead, the risks have been accounted for in 'other price risk'.

Other price risk

Other price risk includes the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate, credit or currency risk), whether those changes are caused by factors specific to the financial instruments or their issuer, or factors affecting all similarly traded financial instruments in the market.

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, units held in a pooled property investment vehicle and units held in absolute return pooled investment vehicles. The Scheme manages this exposure by constructing a diversified portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles, each investment manager is expected to manage diversified portfolios and to spread assets across a wide range of individual assets with different characteristics. In addition, the asset allocation is detailed in the Appendix of the Statement of Investment Principles document and is monitored on a regular basis by the Trustees.

The total indirect other price risk is as follows:

	2017 £'000	2016 £'000
Equity held in PIVs	115,387	92,041
Absolute return held in PIVs	55,009	52,819
Property held in PIVs	25,585	25,233
	195,981	170,093

Notes to the Financial Statements (continued)

16. Investment risk disclosures (continued)

Additional risks

The Trustees have also identified a number of additional key risks that impact on the Scheme's funding level and contribute to funding risk. These include:

- cashflow risk: the Trustees manage this risk by taking into account the timing of future payments in order to minimise the probability that there is a shortfall in liquid assets relative to the Scheme's liabilities;
- asset concentration risk: the Trustees manage this risk by determining an investment policy with a view to spreading the risks of investing in any one investment market, currency or asset class;
- covenant risk: the Trustees manage this risk by considering the strength of the sponsoring employer when setting investment strategy, and by consulting with the employer as to the suitability of the proposed strategy;
- operational risk: the Trustees manage this risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

17. Current assets

	2017 £'000	2016 £'000
Contributions due from employer in respect of:		
Employer	111	108
Employee	30	29
Other debtors	727	127
Cash balances	1,801	2,474
	2,669	2,738

18. Current liabilities

	2017 £'000	2016 £'000
Unpaid benefits	302	27
Accrued expenses	242	247
Contributions paid in advance	183	568
Deferred annuity income	132	-
Taxation due on refunds to members	3	3
	862	845

Contributions paid in advance relate to partially paid Deficit and Administration contributions due from VisitBritain for the 2017-18 Scheme year. These were prepaid in January 2017.

Notes to the Financial Statements (continued)

19. Related party transactions

During the year, the Scheme received employee contributions and accrued pension rights in respect of certain Trustees of the Scheme. These transactions were in accordance with the Scheme Rules and were on the same basis as for other members.

The participating employers meet the costs associated with the Law Debenture Pension Trust Corporation plc acting as an employer nominated Trustee of the Scheme. The amount paid in 2016-2017 was £38,733 plus VAT (2015-16: £53,506).

At 31 March 2017 the Scheme had a debtor balance of £76,015 (2015-16: £57,072) owed from the Principal Employer within other debtors in note 17. This is in respect of VAT paid by the Scheme which can be reclaimed by the Principal Employer.

Contributions paid in advance relate to partially paid Deficit and Administration contributions due from VisitBritain for the 2017-18 Scheme year. These were prepaid in January 2017.

MR3163

Appendices

Summary Funding Statement (Main Section)

July 2014

Dear Member

This Summary Funding Statement is sent to you on behalf of the Trustees of the British Tourist Boards' Staff Pension & Life Assurance Scheme (Main Section) ('the Trustees' of 'the Scheme'). The Main Section of the Scheme excludes the assets and liabilities held in respect of former employees of VisitLondon. These assets and liabilities are held in a fully segregated section.

You do not need to do anything as a result of receiving this Statement. The purpose of the Statement is to give you information about the funding of the Scheme.

For more general information on the Scheme, please visit the BTB Pensions website at http://www.btbpensionscheme.org.uk/.

The Frequently Asked Questions included at the end of this statement are intended to assist you in understanding the purpose of the Statement and the information provided within it.

The latest actuarial valuation

Every three years, the Scheme's actuary must carry out a valuation of the Scheme's assets and technical provisions. The technical provisions are an estimate, based on actuarial principles, of the amount of assets needed to cover the Scheme's liabilities. Liabilities include pensions in payment and benefits accrued by current and former employees which will be payable in the future.

The most recent formal actuarial valuation of the Scheme was carried out as at 31 March 2012. The participating employers within the Main Section of the Scheme are VisitBritain, VisitScotland and the Welsh Assembly Government ('the Employers'). The following table summarises the funding position as at that date, assuming that the Scheme would continue to operate as a going concern and would not be wound up:

	31 March 2012 £m
The value of the Scheme's assets was	198.1
The value of the Scheme's liabilities was	234.0
There was a shortfall of	(35.9)
This gives a funding level of	85%

Because the Scheme has a shortfall, the Employers are required to make additional contributions that are expected to remove the shortfall over a defined period of time.

Appendices (continued)

Summary Funding Statement (Main Section) (continued)

Contributions

VisitBritain and VisitScotland ('the Contributing Employers') have agreed to pay extra annual contributions as follows towards removing the shortfall in the Scheme:

- VisitBritain will pay contributions of £637,706 for the period from 1 April 2012 to 31 March 2013. This will increase to £658,113 for the period from 1 April 2013 to 31 March 2014. VisitBritain's contributions will then reduce to £360,000 per annum from 1 April 2014, increasing by 2.6% each year for the period to 31 March 2033.

- VisitScotland will pay contributions equal to £231,464 for the period from 1 April 2012 to 31 March 2013. This will increase to £238,871 for the period from 1 April 2013 to 31 March 2014. VisitScotland's contributions will then reduce to £140,000 per annum from 1 April 2014, increasing by 2.6% each year for the period to 31 March 2033.

In addition to the contributions stated above, the Contributing Employers will also pay contributions at the following rates to meet the expected cost of future service benefits:

- 24.4% of Pensionable Salary for members with a Normal Retirement Age of 60

- 13.1% of Pensionable Salary for members with a Normal Retirement Age of 65

The Contributing Employers will also pay contributions in respect of the Scheme's administrative expenses. The Welsh Assembly Government also retains a liability to pay contributions in certain circumstances.

More up-to-date information

An annual funding update was carried out as at 31 March 2014. The results of this funding update have been provided to the Trustees and have therefore been included in this statement.

The following table summarises the accrued funding position as at 31 March 2014, assuming that the Scheme would continue to operate as a going concern and would not be wound up. The table also shows the Scheme's funding position as at 31 March 2012 and 31 March 2013 for comparison.

Appendices (continued)

Summary Funding Statement (Main Section) (continued)

	31 March 2014 (£m)	31 March 2013 (£m)	31 March 2012 (£m)
The value of the Scheme's assets was	223.2	218.0	198.1
The value of the Scheme's liabilities was	256.0	260.2	234.0
There was a shortfall of	(32.8)	(42.2)	(35.9)
This gives a funding level of	87%	84%	85%

Change in funding position since the previous Summary Funding Statement

The funding level has increased slightly between 31 March 2013 and 31 March 2014. This is due to the additional contributions paid by the Employers and changes in market conditions which have reduced the liabilities significantly.

Winding up

If the Scheme had to be wound up, the Employers would have to pay extra money into the Scheme to make sure the benefits earned by members could be provided by an insurance company.

It is required by law that, as part of the Scheme's valuation, the Actuary should assess the funding position of the Scheme assuming it had been wound up as at 31 March 2012. This does not imply that the Employers were considering winding-up the Scheme.

The following table summarises the funding position at that date, assuming that the Scheme had wound up:

	31 March 2012 £m
The value of the Scheme's assets was	199.6
The value of the Scheme's winding up liabilities was	360.0
There was a shortfall of	(160.4)
This gives a funding level of	55%

Appendices (continued)

Summary Funding Statement (Main Section) (continued)

The shortfall is an estimate of the additional sum that the Employers would need to have paid to ensure that all members' benefits could have been paid in full had the Scheme wound up on 31 March 2012.

The Pensions Regulator

The Pension Regulator is the regulatory body responsible for enforcing the law on occupational pension schemes such as the Scheme.

In certain circumstances the Pensions Regulator can decide how the Scheme's liabilities must be calculated or can set the period for eliminating any funding shortfall. The Regulator can also specify the level of employer contributions to be paid – rather than leaving these issues to be determined by the Trustees – and has the power to modify the Scheme's future accrual of benefits. No such circumstances have arisen.

Payments to the Employers

Money can only be paid back to the Employers from the Scheme in very limited circumstances such as when the Scheme's assets are higher than the cost of buying the benefits out with an insurance company.

There has not been any payment to the Employers out of Scheme funds since the date of the last Summary Funding Statement.

For and on behalf of the Trustees of the British Tourist Boards' Staff Pension & Life Assurance Scheme (Main Section).

Appendices (continued)

Summary Funding Statement (VisitLondon Section)

As a person to benefits from the Scheme we are writing to give you an update of the funding position. We will send you a statement like this each year to provide you with the latest funding information for the Scheme.

Actuarial Valuation at 31 March 2015

The latest actuarial valuation of the Scheme showed that the funding position was as follows:

Actuarial Valuation as at 31 March 2015	
Scheme assets (£m)	27.4
Amount needed to provide benefits (£m)	27.1
Surplus (£m)	0.3
Funding level (%)	101%

The next formal valuation of the Scheme will be carried out as at 31 March 2018.

How the Scheme is being financed

Following the insolvency of VisitLondon (the "Employer") a special payment of £6.0m was made in June 2011 to remove the Funding Shortfall at that time and to bring the Scheme to a fully funded position on a low risk basis. In addition, the Trustees have invested the Scheme's assets to pay the benefits of the Scheme as they fall due as there are no further Employer contributions to be made to the Scheme.

What is the Scheme invested in?

The Trustees' policy is to invest the majority of the assets in order to match the nature and term of the benefit payments that need to be made. A small proportion of assets is invested in diversified funds aimed at generating long term returns above inflation.

The asset split as at 31 March 2017 was: 89% Index Linked Gilts; 11% Diversified Growth Funds

Change in funding position since previous statement

The table below summarises the most recent funding information for the Scheme, including the updates as at 31 March 2016 and 31 March 2017 for comparison:

Actuarial Update as at	31 March 2017 (£m)	31 March 2016 (£m)	31 March 2015 (£m)
Scheme assets	31.8	27.3	27.4
Amount needed to provide benefits	31.4	27.3	27.1
Surplus	0.4	0	0.3
Funding level	101%	100%	101%

Since the 2015 valuation, the value of both the assets and liabilities have increased by a similar amount. As a result, the funding level is broadly unchanged and the Scheme remains fully funded. The increase in the value of the liabilities is due to the significant fall in long term interest rates. The assets are invested in a way that protects the Scheme against a fall in long term interest rates. As intended, the value of the Scheme's assets have risen by a similar amount to the rise in the value of the liabilities since the 2015 valuation.

Payments to the Employer

As the Employer is insolvent, no money can be paid back to it.

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Appendices (continued)

Summary Funding Statement (VisitLondon Section) (continued)

Where can I get more information?

If you have any other questions, or would like more information please contact the Trustees (contact details are provided below). Please help us to keep in touch with you by telling us if you change address. Alternatively, further information can be found on the BTB Pensions website http://www.btbpensionscheme.org.uk

Address: Trustees of the The British Tourist Boards' Staff Pension and Life Assurance Scheme, C/o Capita Employee Benefits, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7TL
Or email : btbstaffpension@capita.co.uk

Yours sincerely
The Trustees of the British Tourist Boards' Staff Pension & Life Assurance Scheme (VisitLondon Section)

How are my benefits paid for?

As the Employer is insolvent there are no further contributions. Scheme assets are invested in a common fund to pay benefits to Scheme members and dependants. The money is not held in separate funds for each individual.

How is the amount the Scheme needs to pay benefits calculated?

The Trustees agreed a funding plan (the *Statement of Funding Principles*) with the Trustees which aims to ensure there is enough money in the Scheme to pay for benefits as they fall due. The funding level is monitored by regular updates of the funding position prepared by the Scheme Actuary (known as actuarial valuations).

What would happen if the Scheme were to be wound up?

'Winding up' a pension scheme means terminating the scheme. In this circumstance the Scheme's assets would be used to secure individual members' benefits with an insurance company.

If the Scheme were to wind up, you may not get the full amount of benefits you have built up if there are insufficient Scheme assets to enable all members' benefits to be fully secured.

As there is no Employer the Scheme is not eligible to be covered by the Government's Pension Protection Fund (PPF).

Why does the funding plan not call for full solvency at all times?

The 'full solvency' position assumes that benefits will be secured with an insurance company. Insurers are obliged to take a very cautious view of the future and need to make a profit as well as hold prudent reserves. The cost of securing pensions in this way also incorporates the future expenses involved in administering the Scheme. By contrast, the current funding plan assumes that the Scheme will continue and the corresponding cost of providing benefits as they fall due is lower.

The Pensions Regulator

In certain circumstances the Pensions Regulator can direct how the amount needed to provide benefits must be calculated, can set the period for eliminating any funding shortfall, can specify the level of employer contributions to be paid and has the power to modify a pension scheme's future accrual of benefits. No such circumstances have arisen in relation to the Scheme.

Winding-up

The Trustees are not thinking of winding-up the Scheme however we are required to provide this information by law. The estimated amount needed to ensure that all members' benefits could be fully secured if the Scheme were to be wound up was £32.4m as at 31 March 2015. This compares with a total asset value of £27.4m, meaning that there was a winding-up shortfall of £5m at the date of the 2015 valuation.

We would stress that there is no intention of winding up the Scheme and that the Scheme is fully funded on the ongoing funding basis.