

ETOURISM LIMITED
trading as
VISITSCOTLAND.COM

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

Regn. No. SC226890



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ETOURISM LIMITED t/a VISITSCOTLAND.COM

Year ended 31 March 2011

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ETOURISM LIMITED t/a VISITSCOTLAND.COM

Year ended 31 March 2011

DIRECTORS	Philip Riddle OBE (Resigned 31 July 2010) William Dunn Malcolm Roughead OBE Riddell Graham (Appointed 28 September 2010) Kenneth Neilson
SECRETARY	David Muir
REGISTERED OFFICE	Ocean Point One 94 Ocean Drive Leith Edinburgh EH6 6JH
AUDITORS	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
BANKERS	Bank of Scotland The Mound Edinburgh EH1 1YZ

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Report of the Directors

For the year ended 31 March 2011

The Directors hereby submit their report and the financial statements for the year ended 31 March 2011.

Principal activities

The principal activities of the Company are the provision of internet services to the Scottish tourism industry, management of the Scottish national tourism contact centre on behalf of VisitScotland, and facilitating the provision of assistance in the fulfilment of services offered to tourism providers across Scotland.

Review of the business performance and relationship with the Parent organisation – VisitScotland.

The Company has conducted its activities throughout the year in a satisfactory manner, having had another successful year, and the Company's profit, after tax, for the financial year was **£564,000** (2010:£639,000). The Company was also able to pay off the balance outstanding of **£686,000** on the secondary loan from VisitScotland.

With the formation of the new directorate, Digital and Media, created in February 2010 within VisitScotland, all the Company's operational procedures and activities have been streamlined in such a manner as to form an integral part of VisitScotland's corporate strategy and performance.

Transfer of the assets and liabilities of the Company to VisitScotland

As a consequence of the above, the Directors of the Company, and those of VisitScotland, have agreed that it is in the best long term interests of both parties that all the assets and liabilities of the Company be formally transferred to VisitScotland as of 31 March 2011.

Consequently all agreements to which the Company was a party have been novated or assigned to VisitScotland.

As part of the transfer consideration an amount of **£187,860** was paid by the Company to VisitScotland, in reduction of the remaining primary loan of £2,864,210, and the outstanding balance of £2,676,350 has been waived, and transferred to reserves.

As regards the transfer of assets between a subsidiary and its parent organisation, the Directors consider that the resultant net book value reflects an accurate market value for the Company's business and assets as a whole.

As from 1 April 2011, the Company has ceased to trade, and the Directors have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 1.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Report of the Directors

For the year ended 31 March 2011

Dividends

There were no distributable reserves available at the year end, and consequently no dividend was declared (2010: £Nil).

Risk management and control framework

During the year the Company has adhered to the VisitScotland Group risk management and control framework policies and processes, and its corporate external and internal risks have been not only actively managed and updated by the management team, but also reported regularly to the Senior Management Team of VisitScotland, and to their Audit Committee.

Risk management has been fully incorporated into the corporate planning and decision making processes of the Company, and the preparation of annual operating plans included a review of existing risks and discussion of any potential new risks.

Directors

The Directors of the Company during the year to 31 March 2011 were:

William Dunn
Kenneth Neilson
Malcolm Roughead OBE
Riddell Graham (appointed 28 September 2010)
Philip Riddle OBE (Resigned 31 July 2010)

During the year ended 31 March 2011, no Director had any beneficial interest in the share capital of the Company.

Political and Charitable Contributions

During the year Company made no charitable (2010: £Nil) or political (2010: £Nil) donations.

Corporate governance

During the year the Board was committed to maintaining a high standard of corporate governance appropriate to the size and structure of the Company. The monitoring, and reporting, of the Company's activities was carried out under the auspices of its parent organisation, VisitScotland, within its regular Management Board meetings.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Report of the Directors

For the year ended 31 March 2011

Disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors, KPMG LLP, will not be seeking re-election, by reason of the cessation of trade of the Company.

By order of the board.



David Muir
Company Secretary

16 August 2011

Ocean Point One
94, Ocean Drive
Leith
Edinburgh
EH6 6JH
Date.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Statement of Directors' Responsibilities

For the year ended 31 March 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ETOURISM LIMITED

We have audited the financial statements of eTourism Limited for the year ended 31 March 2011 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

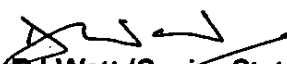
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


DJ Watt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

5 September 2011

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Profit and Loss Account

For the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Turnover	1	3,055	3,253
Cost of sales	1	(1,033)	(1,071)
Gross profit		2,022	2,182
Administration expenses	1	(1,408)	(1,489)
Selling and marketing expenses	1	(52)	(55)
Operating profit		562	638
Interest payable	2	-	-
Interest receivable	2	2	1
Profit on ordinary activities before taxation		564	639
Taxation	6	-	-
Net Profit after taxation		564	639

The notes on pages 10 to 18 form part of these financial statements

ETOURISM LIMITED t/a VISITSCOTLAND.COM
Statement of Total Recognised Gains and Losses
For the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Profit on ordinary activities after taxation		564	639
Transfer to reserves - waiver of shareholder loan & interest	14	2,676	-
Total recognised gains and losses for the year		3,240	639

The notes on pages 10 to 18 form part of these financial statements

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Balance Sheet

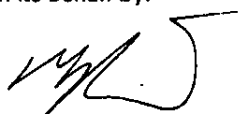
As at 31 March 2011

	Notes	2011 £'000	2010 £'000
Fixed Assets			
Tangible	7	-	64
Intangible	8	-	85
Total fixed assets		-	149
Current Assets			
Debtors	10	100	233
Cash at bank and in hand		-	456
Total current assets		100	689
Current Liabilities			
Creditors: amounts falling due within one year	11	-	(428)
Net current assets		100	261
Total assets less current liabilities		100	410
Creditors: amounts falling due after more than one year	11	-	(3,550)
Total non-current liabilities		-	(3,550)
Net Liabilities		100	(3,140)
Capital and Reserves			
Share capital	15	100	100
Profit and loss account	14	-	(3,240)
Total Shareholder's funds		100	(3,140)

The notes on pages 10 to 18 form part of these financial statements

The financial statements on pages 7 to 18 were approved by the Board of Directors on and signed on its behalf by:

Director



Name *Malcolm Roughhead*

Date: *16 August 2011*

Co.Regn.No. SC226890

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards, and under historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of VisitScotland, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of VisitScotland, within which this Company is included, can be obtained from the address given in note 16.

In previous years, the financial statements have been prepared on a going concern basis. However, the Company's trade and assets were hived up to the parent organisation on 31 March 2011, and as from 1 April 2011 the Company ceased to trade. As the Directors do not intend to acquire a replacement trade, the financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at cost. Computer software and development costs are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of five years.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures & Fittings	10 years
Computer Equipment	4 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

Retirement benefits

Employees are members of one of two pension schemes.

The VisitScotland.com stakeholder pension plan is a defined contribution pension scheme. Employer contributions are charged to the profit and loss account in the year to which they relate. The Company does not have right to any assets in respect of the pension plan, nor any obligations or liabilities due.

A small number of employees are members of the British Tourist Board Pension Scheme. The Company is not a participating body in the BTBPS. Contributions are paid to the BTBPS, on behalf of the Company, by VisitScotland, and these are subsequently recharged to the Company.

All risks and rewards of participating in the BTBPS, including rights to assets and current and future liabilities rest with VisitScotland under a TUPE arrangement between the Company and VisitScotland and with the approval of the BTBPS trustees. Employer contributions (recharged by VisitScotland) are charged to the profit and loss account in the year to which they relate.

Dilapidations

Provision for the costs of dilapidations on the expiry of leasehold premises, which are of uncertain timing, or amount, at the balance sheet date, is provided on the basis of the best estimate using independent professional assessments.

Provisions

The Company provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using an appropriate discount rate.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 income 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.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

Deferred tax

In accordance with FRS 19 'Deferred tax', 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 substantially enacted, at the balance sheet date. 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.

Turnover

Turnover is principally derived from fees generated through the provision of fulfilment service facilities to tourism providers, together with various contract services and products. Turnover from the sale of goods and services is recognised in the period in which ownership transfers or the service is provided to the extent that income has become receivable. Turnover consists entirely of sales made in the United Kingdom, and is stated net of VAT, where applicable.

Operating costs

Operating costs represent expenditure incurred in production and maintenance of fulfilment service facilities, together with cost of purchase of the products sold. Operating costs are stated net of recoverable VAT.

Administrative expenses

Administrative expenses are the costs of running the Company, and are indirectly aligned with the provision of the Company's marketing services. These costs consist of administrative salaries, rent of offices, and other general and administrative expenses. Administrative expenses are stated net of recoverable VAT.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

Net financing costs

Net financing costs comprise interest payable and interest receivable, arising from the Company's financing operations.

Selling and marketing expenses

Selling and marketing expenses are derived from the cost of marketing products and services, and include marketing salaries, advertising costs, and other selling expenses. Selling and marketing expenses are stated net of recoverable VAT.

Cash at bank and in hand

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current assets investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Corresponding amounts

Corresponding amounts are shown for primary statements and notes to the financial statements. Where corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial period, FRS 28 'Corresponding amounts' requires that they should be adjusted, and the basis for the adjustment disclosed in a note to the financial statements.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

2 Net financing costs

	2011	2010
	£'000	£'000
Interest payable on loans	-	-
Bank interest receivable	2	1
	<u>2</u>	<u>1</u>

3 Profit on ordinary activities before taxation

	2011	2010
	£'000	£'000
Profit before taxation is stated after charging the following:		
Depreciation - Tangible assets	11	20
- Intangible assets	48	71
Auditor's remuneration - for the audit of these financial statements	14	18
Operating lease charges -		
- Equipment & motor vehicles	11	11
- Leasehold property	87	87
	<u>171</u>	<u>207</u>

4 Staff costs

	2011	2010
	£'000	£'000
Salaries and wages	1,014	1,052
Compensation payments	5	35
Social security	113	106
Pension costs	29	18
	<u>1,161</u>	<u>1,211</u>

	Number	Number
Average number of employees during the trading period	41	43
	<u>41</u>	<u>43</u>

	£'000	£'000
Pension costs:		
British Tourist Board's Pension Scheme	19	6
VisitScotland.com Stakeholder Pension plan	10	14
	<u>29</u>	<u>20</u>

5 Directors' remuneration

None of the Directors received any emoluments for their services as Directors of the Company (2010: £Nil). All of the Directors receive remuneration and pension benefits via the Company's parent undertaking, VisitScotland.

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

6 Taxation

The standard rate of corporation tax for the year is 28%. By reason of losses brought forward the Company has not sustained a tax charge for the year, and the factors affecting the charge are set out below.

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	564	639
Tax payable on ordinary activities at the standard rate of corporation tax		
Factors affecting charge		
Tax payable on ordinary activities	158	179
Disallowable costs	17	25
Available Losses brought forward -Tax credit on current year	(175)	(204)
Total tax charge	-	-

7 Tangible Fixed Assets

	Fixtures and Fittings £'000
Cost	
At 1 April 2009	163
Additions	-
At 31 March 2010	163
At 1 April 2010	163
Additions	-
Transferred to Parent Organisation	(163)
At 31 March 2011	-
Depreciation	
At 1 April 2009	79
Charge for the year	20
At 31 March 2010	99
At 1 April 2010	99
Charge for the Year	11
Transferred to Parent Organisation	(110)
At 31 March 2011	-
Net book value	
At 31 March 2011	-
At 31 March 2010	64

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

8 Intangible Assets

	Development expenditure £'000	Licences £'000	Total £'000
Cost			
At 1 April 2009	161	89	250
Additions	-	-	-
At 31 March 2010	161	89	250
At 1 April 2010	161	89	250
Additions	-	-	-
Transferred to Parent Organisation	(161)	(89)	(250)
At 31 March 2011	-	-	-
Depreciation			
At 1 April 2009	38	56	94
Charge for the year	49	22	71
At 31 March 2010	87	78	165
At 1 April 2010	87	78	165
Charge for the Year	38	10	48
Transferred to Parent Organisation	(125)	(88)	(213)
At 31 March 2011	-	-	-
Net book value			
At 31 March 2011	-	-	-
At 31 March 2010	74	11	85

9 Transfer of assets and liabilities to Parent organisation

At 31 March 2011 all the assets and liabilities of the Company were formally transferred to its parent undertaking - VisitScotland, and the business of eTourism limited has ceased to trade from 1 April.

The transfer of assets and liabilities comprised:

	£'000
Fixed assets	
Tangible	53
Intangible	37
Current assets	
Debtors	83
Cash at bank and in hand	723
Current Liabilities	
Other Creditors	(160)
Net assets transferred	736
Repayment of inter-company debt from parent	(636)
Amount due from parent undertaking	100

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

10 Debtors

	2011	2010
	£'000	£'000
Current		
Amount owed from Parent undertaking	100	71
Prepayments and accrued income	-	160
Other debtors	-	2
	100	233

11 Creditors

	2011	2010
	£'000	£'000
a) amounts falling due within one year		
Trade creditors	-	158
Taxation and social security	-	28
Other creditors	-	242
	-	428

b) amounts falling due after more than one year

Loans	-	2,536
Accrued Loan interest	-	1,014
	-	3,550

c) Loans

During the year the Company made loan repayments on the outstanding secondary loan to its parent organisation VisitScotland, totalling £686,000 (2010: £500,000). This loan has now been fully repaid.

A payment of £187,860 was made during the year in relation to the primary loan from the parent organisation. Following the transfer of the assets and liabilities of the Company to its parent organisation on 31 March 2011, the remaining loan balance of £2,676,350 was waived. The resulting gain has been reflected as a movement in reserves.

12 Deferred taxation

Arising from the Company's start-up situation, taxable losses have been incurred which are available for offset against future taxable profits. The taxable credits arising in the year have been set off against the available tax losses brought forward.

A deferred tax asset has not been recognised in respect of the remaining losses, as the company does not expect to realise the benefit of the losses within the immediate future.

The value of the deferred tax asset not recognised, measured at the standard rate of corporation tax of 28 % (2010: 28%) is £1,646,000 (2010: £2,553,000)

Deferred tax not provided for, is analysed as follows:

	2011	2010
	£'000	£'000
Losses	577	1,501
Temporary timing differences	1,069	1,052
Deferred tax not provided	1,646	2,553

ETOURISM LIMITED t/a VISITSCOTLAND.COM

Notes to the Accounts

For the year ended 31 March 2011

13 Financial commitments

The Company had annual commitments under non-cancellable operating leases, as follows:

	2011 £'000	2010 £'000
In respect of Leashold property		
Commitments expiring		
- within less than one year	-	-
- between one and five years	-	60
In respect of equipment and motor vehicles		
Commitments expiring :		
- within less than one year	-	-
- between one and five years	-	9
Operating lease commitments	-	69

14 Reconciliation of movement in shareholder's funds

	Share capital £'000	Profit and loss account £'000	Total shareholder's funds £'000
At 1 April 2010	100	(3,240)	(3,140)
Waiver of Shareholder's Loan & Interest	-	2,676	2,676
Profit for the year	-	564	564
At 31 March 2011	100	-	100

15 Share capital

	2011 £'000	2010 £'000
<i>Allotted, called-up and fully-paid</i>		
100,000 ordinary shares of £1 each	100	100

16 Parent undertaking

VisitScotland is the ultimate parent undertaking of eTourism Limited, and heads the group into which the accounts are consolidated.

The consolidated accounts of VisitScotland may be obtained from its head office at Ocean Drive, Edinburgh. EH6. 6JH.