

Company Registration number: 551311

**ABTA Ltd Annual Report and Financial
Statements 2008**

Corporate Governance Statement

ABTA fully supports the report of the Committee on Corporate Governance and that Committee's Revised Combined Code of Best Practice. It welcomes the Committee's guidance on internal control and the going concern basis for preparing annual financial statements.

The guidance is regarded as mandatory for listed companies registered in the UK. Whilst ABTA does not fall within the regulations of the London Stock Exchange, being a company limited by guarantee, the Board of Directors is committed to the highest standards of corporate governance.

Going Concern

The Board confirms that, after making appropriate enquiries, it is of the opinion that ABTA has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these financial statements.

General

The Board includes elected members. The role of President is separated from the role of the Chief Executive, both of whom are members of the Board. The Board is responsible for taking decisions on the ongoing strategic direction of ABTA, approving major developments and the terms of reference and delegated powers of its committees and, through them, the day-to-day operations of ABTA. The Board meets on average, 6 times a year and has several standing committees including an Executive Committee. All standing committees are formally constituted with terms of reference and include at least one Board member as chairman.

The President is chairman of the Board which reviews and approves the annual Business Plan, revenue and capital budgets, monitors performance in relation to approved budgets, and monitors the activities of ABTA's subsidiary companies, which have separately constituted Boards of Directors.

The Board acknowledges its responsibility for the systems of internal control within ABTA and for ensuring these systems maintain the integrity of accounting records and safeguard its assets. The purpose of these systems is to provide reasonable assurance as to the reliability of financial information and to maintain proper control over income, expenditure, assets and liabilities of ABTA. No system of control can, however, provide absolute assurance against material misstatement or loss. The Board's review of the effectiveness of ABTA's systems of internal control is an ongoing process; where controls are not in place the Board, through its committees, agrees and reviews a timetable for implementation.

With effect from 1 July 2007, to meet the changing conditions within the travel industry and to give the Board of Directors of ABTA Limited the flexibility to appoint and remunerate directors from within and outside of the membership, the Board has been reduced in size to 9 members.

At an AGM held on 30 April 2008, the Board was increased in size to 12 members in order to ensure it had adequate expertise and experience from across the membership and comprises:

- 4 persons representing ABTA members are elected by the membership
- 1 the President, elected by the membership
- 1 the Chief Executive
- 5 ABTA Members appointed by the elected Board Members, the President and the Chief Executive
- 1 other person appointed by the above Board members who need not be a member of ABTA

All Board members, except the President and Chief Executive will serve two year terms.

This Board composition is intended to ensure the optimum level of expertise on the Board and allow it to be fully representative of the industry today and in the future.

A brief description of the principal elements underlying ABTA's systems of internal control follows.

Financial Reporting

There is a comprehensive business planning system with a business plan and annual budget approved by the Board.

Quarterly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Chief Executive, his Management Team and the Board review the reports quarterly.

Risk Management

ABTA's Board executive committees, the Chief Executive and his Management Team examine on a continual basis the major strategic, business and operational risk which ABTA faces and have established a system that ensures that risks are reviewed and reported regularly at all levels of ABTA, and that appropriate action is in place to mitigate the significant risks. In addition, all risks are reviewed annually as an integral part of the business planning.

Controls and Procedures

ABTA maintains a comprehensive set of financial controls, procedures and delegation of authority.

The financial controls and procedures are reviewed regularly and compliance with them verified by the work of the auditors.

All material breaches are reported to the Board who review ABTA's accounting and financial reporting practices, its internal financial controls, the work of the auditors and compliance with all relevant legislation.

Report of the Board Of Directors

The Board of Directors submits its Report and the financial statements for the year ended 30 June 2008.

1 Business Review

The results for the year are set in the financial statements on pages 5 to 20.

The travel industry continues to evolve rapidly in response to internal and external pressures. The impact of the dual growth of internet sites and low cost air carriers has transformed the industry, and all ABTA Members continue to adapt their business models. In particular, the distribution and availability of airline inventory is becoming a strategic issue for ABTA's Members.

Added to the travel-specific issues has been the general economic climate in which our Members operate. Following the difficulties in the US subprime mortgage market, there has been an overall tightening of the credit markets. This has been accompanied by a very rapid rise in the price of fuel, leading to a significant increase in operating costs. A number of airlines failed during the year, and predictions are that more will fail in the year ending 30 June 2009. This is likely to have knock-on effect through the travel industry.

The increases in airline failures has highlighted the inconsistencies in the area of consumer financial protection for holidays. ABTA continues to campaign for the introduction of a universal levy to provide repatriation and refund monies for all UK outbound travellers. In April 2008 the Civil Aviation Authority introduced levy arrangements for funding of the ATOL scheme, which could provide a model for a future universal levy scheme.

ABTA's own strategic development was advanced through the agreement to amalgamate with the Federation of Tour Operators (FTO). This amalgamation was unanimously agreed by the ABTA Board of Directors to strengthen the Association by reconfirming the ongoing participation of our larger Members, by adding expertise that ABTA did not have, and by creating a clear locus for government lobbying. The amalgamation took effect on 1 July 2008. This will result in additional expenditure for ABTA, but the Board of Directors is confident that the organisation can be brought back into surplus again in the near future.

From a financial point of view, the Association remains in excellent health. The Membership for the year ended 30 June 2008 was 1,421 compared with 1,515 on 30 June 2007, which reflects a general industry consolidation. The financial result was a surplus of £285,096. An exceptional payment of £1,600,000 to the ABTA retirement benefits scheme was made in October 2007 to reduce the scheme deficit.

2 The Role of ABTA:

To promote the interests of all Members in their relationships with each other and with other branches of the international travel industry, such as airlines, shipping companies, railways, coach companies and hotels.

To maintain a Code of Conduct governing the activities of Tour Operators and Travel Agents for the benefits of Members and the travelling public.

To maintain liaison with governments and organisations concerned with the development of travel and tourism both in the United Kingdom and abroad.

All Members of ABTA must provide financial protection to assist the travelling public in the event of the financial failure of a Member.

This protection exceeds that required by Law.

3 Fixed assets

The movements in tangible fixed assets during the year are set out on page 10.

As at 30 June 2008, the book value of property was £3,085,483. In the opinion of the Directors, the market value at that date was £11.5 million.

4 Directors

The names of the members of the Board of Directors during the year ended 30 June 2008 were:

John Bevan
 Daniele Broccoli
 John de Vial
 Justin Fleming
 Steven Freudmann
 Mike Greenacre
 Noel Josephides
 Hugh Morgan
 Mark Tanzer

During the year, the following were members of the Board of Directors:

Roger Allard	resigned	01 Jul 2007
Steve Allen	resigned	25 Jul 2007
Steve Barrass	resigned	01 Jul 2007
Stephen Bath	resigned	01 Jul 2007
Alan Cornish	resigned	01 Jul 2007
Ian Derbyshire	resigned	01 Jul 2007
Sue Foxall	resigned	01 Jul 2007
Jamie Gardiner	resigned	01 Jul 2007
Derek Jones	resigned	01 Jul 2007
Doreen McKenzie	resigned	01 Jul 2007
Neil Morris	resigned	01 Jul 2007
Sandy Murray	resigned	01 Jul 2007
David Powell	resigned	01 Jul 2007
Peter Shanks	resigned	01 Jul 2007

Subsequent to 30 June 2008, the following changes to the members of the Board of Directors have occurred:

Stewart Baird	appointed	01 Jul 2008
Tim Williamson	appointed	01 Jul 2008
John Bevan	resigned	31 Oct 2008

ABTA provided 3rd party indemnity insurance for all the directors throughout the year 2008.

Report of the Board Of Directors continued

5 Charitable donations

Charitable donations totalling £5,851 were paid during the year ended 30 June 2008.

6 Auditors

Chantrey Vellacott DFK LLP are willing to continue in office as auditors and offer themselves for reappointment in accordance with Section 385 of the Companies Act 1985.

7 Statement of disclosure of information to auditors

Each person who was a director at the date that this report was approved has taken all steps that they ought to have taken as directors in order to:

- make themselves aware of any relevant audit information (as defined by the Companies Act 1985) and;
- ensure that the auditors are aware of all relevant audit information (as defined).

As far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.

BY ORDER OF THE BOARD

SIMON E BUNCE

Secretary

68/71 Newman Street

London

W1T 3AH

8 December 2008

Statement of Directors' Responsibilities

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

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

Independent Auditor's Report to the Members of the ABTA Ltd

We have audited the financial statements of ABTA for the year ended 30 June 2008 which comprise the Balance Sheet, Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, if information given in the Report of the Board of Directors is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Corporate Governance Statement and the Report of the Board of Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company at 30 June 2008 and of the surplus of the company for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985, and;
- the information given in the directors' report is consistent with the financial statements.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditors
LONDON

8 December 2008

Balance Sheet

at 30 June 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	2	3,145,747	3,262,361
Investments	3	1,785,202	1,785,200
		4,930,949	5,047,561
Current assets			
Debtors: amounts falling due within one year	4	1,087,489	1,171,644
Cash at bank and in hand		4,803,093	5,728,823
		5,890,582	6,900,467
Creditors: amounts falling due within one year	5	(1,494,785)	(1,790,492)
Net current assets		4,395,797	5,109,975
Total assets less current liabilities		9,326,746	10,157,536
Provisions for liabilities			
Deferred taxation	6	0	(77,166)
Net assets excluding pension liabilities		9,326,746	10,080,370
Net pension liabilities	22	(1,141,200)	(2,673,120)
Net assets including pension liabilities		8,185,546	7,407,250
Accumulated funds	7	8,185,546	7,407,250

These financial statements were approved by the Board of Directors on 8 December 2008.

Signed on behalf of the Board of Directors by

J Fleming

S Freudmann

The notes on pages 10 to 20 form part of these financial statements.

Income & Expenditure Account

for the year ended 30 June 2008

	Notes	2008 £	2007 £
Income			
Entrance fees		63,350	58,470
Subscriptions	9	3,629,560	3,749,911
Fines and miscellaneous fees paid by members	10	140,151	183,131
Industry partners' subscriptions		187,550	167,200
Dividends from captive subsidiary undertakings		382,000	516,000
		4,402,611	4,674,712
Other income	11	1,157,346	434,078
Interest receivable		532,461	518,274
Convention	12	(47,997)	73,678
		1,641,810	1,026,030
Total income		6,044,421	5,700,742
Expenditure - Page 7		5,084,325	4,551,093
Surplus before taxation		960,096	1,149,649
Taxation	14a	(675,000)	(985,066)
Surplus for the year after taxation	7	285,096	164,583
Statement of Total Recognised Gains and Losses			
	Notes	2008 £	2007 £
Surplus for the year		285,096	164,583
Actuarial gain on defined benefit pension scheme	22	685,000	99,000
Movement in related deferred tax asset		(191,800)	(27,720)
Total gains relating to the year		778,296	235,863

There were no discontinued operations during the year.

The notes on pages 10 to 20 form part of these financial statements.

Expenditure

for the year ended 30 June 2008

	Notes	2008	2007
		£	£
Salaries and staff costs	15	2,989,182	2,979,070
Rates and services		239,020	111,223
Printing and stationery		63,284	54,477
Postage		38,837	45,979
Communications		38,262	52,016
Repairs and maintenance including software development		90,596	107,214
Depreciation		132,384	212,197
Deficit on disposal of fixed assets		1,467	786
Secretariat travelling		15,472	23,954
Staff training		9,360	13,218
		3,617,864	3,600,134
President's allowance		0	30,000
<i>Committees:</i>			
Head office		58,737	45,074
Area meetings		31,481	73,158
		90,218	148,232
Member Services		183,621	17,377
ABTA publications		52,783	96,333
Public relations		13,572	24,846
Advertising		42,783	104,685
Inspections and Investigations		20,775	16,096
Tour operators' shortfall insurance premium	17	42,535	2,120
		356,069	261,457
Trade subscriptions		57,893	51,955
Legal & professional charges	18	258,660	134,312
Institute of Arbitrators		60,737	41,071
Appeal Board		5,000	3,000
Auditor's remuneration		56,726	51,675
UK & EU Parliamentary affairs		36,584	17,462
Bank charges		8,805	13,295
Interest payable		18,883	0
SPS charges		42,255	22,250
Net claims in excess of insurance cover	19	0	(150,000)
Provision for adjustment to prior year insurance claim		40,000	0
Claims outsourcing expenditure		279,160	90,163
Claims payable on failures from Retail Fund	8	1,971	50,310
Sundry expenses		23,500	18,777
		890,174	344,270
Net pension Financing Cost	22	130,000	197,000
Total expenditure - page 6		5,084,325	4,551,093

The notes on pages 10 to 20 form part of these financial statements.

Cash Flow Statement

for the year ended 30 June 2008

	Notes	2008 £	2007 £
Cash (outflow) from operating activities	A	(1,101,479)	(95,437)
Returns on investments and servicing of finance			
Dividends received from subsidiary undertakings		516,000	230,000
Interest received		532,461	518,274
Interest paid		(18,883)	0
Net cash inflow for returns on investments and servicing of finance		1,029,578	748,274
Taxation		(836,587)	(207,326)
Capital expenditure			
Payments to acquire tangible fixed assets		(17,240)	(38,992)
Payments to acquire investments		(2)	(200)
Proceeds from sale of tangible fixed assets		0	25
		(17,242)	(39,167)
Sale of TTC Training Limited			
Deferred consideration received		0	430,767
Net cash inflow from disposal of investments		0	430,767
(Decrease)/increase in cash in the year	B	(925,730)	837,111

The notes A and B appear on page 9

The notes on pages 10 to 20 form part of these financial statements.

Notes to the Cash Flow Statement

for the year ended 30 June 2008

A. Reconciliation of operating surplus to net cash flow from operating activities

	2008	2007
	£	£
Surplus before taxation	960,096	1,149,649
<i>Adjustments for:</i>		
Pension service cost	252,000	243,000
Loss on settlements and curtailments	3,000	193,000
Pension contributions paid	(1,861,000)	(726,000)
Pension financial charges	130,000	197,000
Dividends receivable from subsidiary undertakings	(382,000)	(516,000)
Interest receivable	(532,461)	(518,274)
Interest payable	18,883	0
Depreciation	132,384	212,197
Loss on disposal of fixed assets	1,467	786
(Increase) in debtors	(14,482)	(54,569)
Increase/(decrease) in creditors	190,634	(276,226)
Net cash (outflow) from operating activities	(1,101,479)	(95,437)

B. Reconciliation of net cash in flow to movement in net funds

	2008	2007
	£	£
(Decrease)/increase in cash in the year	(925,730)	837,111
Movement in net funds during the year	(925,730)	837,111
Net funds at 1 July 2007	5,728,823	4,891,712
Net funds at 30 June 2008	4,803,093	5,728,823

C. Analysis of changes in net funds

	At 1 July		At 30 June
	2007	Cash flow	2008
	£	£	£
Cash at bank and in hand	5,728,823	(925,730)	4,803,093
Net funds	5,728,823	(925,730)	4,803,093

Notes to the Financial Statements

for the year ended 30 June 2008

1 Accounting policies

a) Accounting convention

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom Generally Accepted Accounting Practice.

b) Basis of preparation

The financial statements comprise, the financial statements of ABTA together with those of the Retail Fund and the Principals' Fund, as detailed in note 8 both funds being restricted in their activities but deemed to be controlled by ABTA.

In the opinion of the Board of Directors, ABTA and its subsidiaries constitute a medium sized group and therefore, under the provisions of the Companies Act 1985, the group is exempt from the requirement to prepare consolidated financial statements.

c) Deferred taxation

Deferred tax is provided, in full, in respect of taxation deferred by timing differences, between the treatment of certain items of taxation and accounting policies.

A deferred asset is only recognised where the conditions for recognition in Financial Reporting Standard No 19 (Deferred Tax) are satisfied and such balances may fall due after more than one year.

d) Income recognition

Subscriptions relate to the membership year from 1 July 2007 to 30 June 2008.

All other income is recognised when services are rendered or entitlement passes to ABTA.

Amounts received in advance are carried forward in creditors as deferred income.

e) Expenditure recognition

Full provision is made for all expenditure incurred but not paid for at the balance sheet date including estimates where the final liability cannot be determined with accuracy. Any amounts paid in advance are carried forward in debtors as prepayments.

f) Pension scheme

ABTA operates two types of pension scheme, a defined benefits pension scheme providing benefits based on final pensionable pay and also contributes to individual employees stakeholder pension plans.

In respect of the defined benefit pension scheme, contributions are paid to the scheme in accordance with the recommendations of actuaries.

The scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds.

Current service costs, past service costs, gains and losses on settlements and curtailments, interest and the expected return on pension scheme assets are charged to operating surplus.

Actuarial gains and losses are charged to the statement of recognised gains and losses.

As detailed in note 22, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high-quality corporate bond of equivalent currency and term of the scheme liabilities.

The defined benefit pension scheme asset or liability is presented separately after other net assets on the face of the balance sheet.

The contributions to stakeholder pension plans are charged to the profit and loss account as they become payable. ABTA Ltd has no further obligations in respect of the stakeholder pension plan.

g) Computer software development expenditure

Computer software development expenditure is written off during the year in which it is incurred.

h) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

No depreciation is provided on freehold land.

Freehold building	- 2.5% of cost per annum
Improvements to freehold building	- 10% of cost per annum
Furniture and office equipment	- 10% to 33 1/3% of cost per annum

2 Fixed assets

Tangible assets

	Freehold property £	Furniture and office equipment £	Total £
Cost:			
At 1 July 2007	4,616,540	652,367	5,268,907
Additions		17,240	17,240
Disposals	-	(139,407)	(139,407)
At 30 June 2008	4,616,540	530,200	5,146,740
Depreciation:			
At 1 July 2007	1,430,594	575,952	2,006,546
Charge for year	100,464	31,920	132,384
Disposals	-	(137,937)	(137,937)
At 30 June 2008	1,531,058	469,935	2,000,993
Net book value:			
At 30 June 2008	3,085,482	60,265	3,145,747
At 30 June 2007	3,185,946	76,415	3,262,361

Notes to the Financial Statements

for the year ended 30 June 2008

3 Investments

With effect from 18 March 2008, the activities of the captive insurance undertakings in Guernsey were restructured as follows:

ABTA Travel Agents Insurance Company Limited was converted to a protected cell company and changed its name to ABTA Insurance PCC Limited.

The ABTA Insurance Company (Guernsey) Limited novated its activities in favour of ABTA Insurance PCC Limited, changed its name to ABTA Guernsey Limited and ceased to trade.

Investment in subsidiary undertakings

Shares at cost:	£
At 1 July 2007	1,785,200
Acquired	2
At 30 June 2008	1,785,202

The investment in subsidiary undertakings represents the following:

Subsidiary	Principal activity	Country of incorporation	Class and % of shares held	Cost of investment
ABTA (Guernsey) Limited	Shortfall insurance arrangements for members conducting Principal activity with non-licensable turnover to 18 March, then ceased to trade	Guernsey	100% ordinary	225,000
ABTA Insurance PCC Limited	Primary and shortfall insurance arrangements for ABTA members	Guernsey	100% ordinary 100% redeemable	1,560,000
A.T.P Training Limited	Accreditation of approved training courses and registrar services	United Kingdom	100% ordinary	100
ABTASURE Limited	Dormant	United Kingdom	100% ordinary	100
ABTA (UK) Limited	Dormant	United Kingdom	100% ordinary	2
				1,785,202

The investment in share capital of both captive insurance companies was required to meet their statutory liquidity requirements in Guernsey and was mainly funded from brokerage fees receivable from those companies.

During the year, as part of the restructuring of ABTA Insurance PCC Limited, 3,500 redeemable shares of £1,000 each and 200 ordinary shares of £1 each were issued as fully paid to ABTA Limited and financed by the capitalisation of reserves of ABTA Insurance PCC Limited.

All subsidiary undertakings make up their financial statements to 30 June each year.

The financial information relating to the trading subsidiaries for the relevant financial year is as follows:

	ATP Training Limited	ABTA (Guernsey) Limited	ABTA Insurance PCC Limited
	£	£	£
(a) Capital and reserves	100	4,511,298	13,784,531
(b) Profit/(loss) for year, after taxation	0	306,989	985,384
(c) Dividends payable	0	91,000	291,000

ABTA (Guernsey) Limited and ABTA Insurance PCC Limited are subject to audit and their auditor's reports contained no qualification.

Notes to the Financial Statements

for the year ended 30 June 2008

4 Debtors: amounts falling due within one year	2008	2007
	£	£
Dividend receivable from subsidiary undertakings	382,000	516,000
ATP Training Ltd	4,020	43,848
ABTASURE Ltd	3	0
Other debtors	504,493	484,374
Prepayments and accrued income	121,785	127,422
Deferred taxation (note 6)	75,188	0
	1,087,489	1,171,644

The deferred taxation is recoverable after more than one year.

5 Creditors: amounts falling due within one year	2008	2007
	£	£
ABTA Insurance PCC Ltd	103,375	15,136
Other creditors	330,832	282,409
Corporation tax	350,246	836,587
Other taxes and social security	95,312	91,385
Accruals	289,169	256,381
Deferred income	325,851	308,594
	1,494,785	1,790,492

6 Provisions for liabilities

Deferred Taxation	2008	2007
	£	£
At 1 July 2007	77,166	115,339
Transfer to Income & Expenditure account	(152,354)	(38,173)
Balance at 30 June 2008	(75,188)	77,166
This consists of;		
Accelerated capital allowances	118,178	77,166
Short term timing differences	(193,366)	0
	(75,188)	77,166

The provision for deferred taxation has been calculated based on a composite corporation tax rate of 28% (2007 - 28.6%).

7 Accumulated fund

	Restricted Retail Fund	Restricted Principals' Fund	ABTA	Total
	£	£	£	£
At 1 July 2007	516,674	2,555	6,888,021	7,407,250
Surplus for the year	11,619	111	273,366	285,096
Other recognised gains	0	0	493,200	493,200
As at 30 June 2008	528,293	2,666	7,654,587	8,185,546

The unrestricted ABTA funds are analysed:	2008	2007
	£	£
Accumulated fund excluding pension liability	8,795,787	9,561,141
Pension Liability (note 22)	(1,141,200)	(2,673,120)
Balance at 30 June 2008	7,654,587	6,888,021

ABTA Ltd is a company limited by guarantee and not having a share capital. Each member of ABTA Ltd has undertaken to contribute an amount not exceeding £10 to the assets of ABTA Ltd in the event of it being wound up within the period of their membership or within one year after ceasing to be a member. At 30 June 2008 ABTA Ltd had 1,421 members (2007 - 1,515).

Notes to the Financial Statements

for the year ended 30 June 2008

8 Retail and Principals' Fund			2008	2007
Income and Expenditure	Retail Fund	Principals' Fund	Total	Total
	£	£	£	£
Interest receivable	18,452	157	18,609	18,591
Claims payable on failures (see note below)	(1,971)	0	(1,971)	(50,310)
Surplus/(deficit) for year before taxation	16,481	157	16,638	(31,719)
Taxation				
Corporation tax (payable)/recoverable at a rate of 29.5% (2007 – 30%)	(4,862)	(46)	(4,908)	9,515
Surplus/(deficit) for year after taxation	11,619	111	11,730	(22,204)
Accumulated Fund balance 1 July 2007	516,674	2,555	519,229	541,433
Accumulated Fund balance as at 30 June 2008	528,293	2,666	530,959	519,229
Represented by:				
Corporation tax	(4,862)	(46)	(4,908)	9,515
Cash at bank	533,155	2,712	535,867	509,714
	528,293	2,666	530,959	519,229
These funds were established under ABTA's Articles and are restricted in their use.				
Claims payable represented discretionary amounts agreed by the Retail Fund Committee in respect of member failures which fell outside of ABTA's scheme of financial protection.				
9 Subscriptions			2008	2007
			£	£
Retail activity			1,284,095	1,337,011
Principal activity			2,345,465	2,412,900
			3,629,560	3,749,911
10 Fines and miscellaneous fees paid by members			2008	2007
			£	£
Fines			55,700	77,301
Miscellaneous fees paid by members			84,451	105,830
			140,151	183,131
11 Other income			2008	2007
			£	£
<i>Member Services</i>				
Member offers			23,761	21,294
Seminars			79,205	61,429
			102,966	82,723
Sponsorship of ABTA handbook			186,581	60,066
Administration of failures			0	62,270
Claims outsourcing income			622,773	45,834
Income from regions			15,947	18,160
Risk management contribution			50,000	50,000
Rent and service charge receivable			117,613	47,126
Database sales			48,437	24,524
Miscellaneous income			13,029	43,375
			1,157,346	434,078

Notes to the Financial Statements

for the year ended 30 June 2008

12 Convention	2008 Tenerife 2007 £	2007 Marbella 2006 £
Net income	756,083	721,582
Expenditure	(804,080)	(647,904)
(Deficit)/surplus	(47,997)	73,678
13 Surplus before taxation	2008 £	2007 £
<i>Is stated after charging:</i>		
Auditor's remuneration	56,726	51,675
Depreciation of tangible fixed assets	132,384	212,197
14 Taxation	2008 £	2007 £
14a Current tax:		
UK corporation tax on surplus for the year	502,480	905,587
Group relief payable	39,828	106,152
Double tax relief	(152,234)	(69,000)
Adjustments in respect of previous years	0	(300)
Total current tax (note 14(b))	390,074	942,439
Deferred tax:		
Change of tax rate	24,000	0
Credit to income and expenditure for the year (note 6)	(152,354)	(38,173)
Effect of elements charged to income and expenditure as required by FRS17	413,280	80,800
Total deferred tax	284,926	42,627
Tax on operating surplus	675,000	985,066
14b Factors affecting tax charge for year		
The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 29.5% (2007 - 30%).		
The differences are explained below:		
Operating surplus before tax	960,096	1,149,649
Operating surplus multiplied by the effective rate of corporation tax in the UK of 29.5% (2007 - 30%)	283,228	344,895
Effects of:		
Expenses not deductible for tax purposes	18,724	1,700
Expenses not deductible for tax purposes - fixed assets	13,747	9,386
Qualifying depreciation in excess of capital allowances	9,411	33,073
Tax on profits of overseas subsidiaries	381,285	662,491
Other short term timing differences	0	(412)
Deferred tax relief for pension contributions	203,726	0
Difference between pension contributions and FRS17 costs	(435,420)	(27,900)
Underlying tax credit on dividend from subsidiaries	(112,704)	(154,800)
Payment for group relief	39,828	106,152
Group relief claimed	(11,751)	(31,846)
Adjustment to tax charge in respect of previous periods	0	(300)
Current tax charge for year (note 14(a))	390,074	942,439

The taxation charge in respect of the ABTA Retail Fund and the ABTA Principals' Fund as shown in note 8 is included above.

Notes to the Financial Statements

for the year ended 30 June 2008

15 Salaries and staff costs	2008	2007
	£	£
Directors' fees	69,841	0
Wages, salaries and related staff costs	2,365,054	2,260,405
Social security costs	253,706	237,950
Employer's pension contribution - Defined contributions	45,581	44,715
Defined benefit pension scheme service cost	252,000	243,000
Loss on settlements and curtailments	3,000	193,000
Total salary and staff costs	2,989,182	2,979,070

Staff costs and the average weekly number of employees are derived as follows:

	2008		2007	
	No.	£	No.	£
Total staff costs	60	2,989,182	64	2,979,070

16 Directors' remuneration included in staff costs above			2008	2007
			£	£
	Highest Paid Director	Other Directors		
Directors' gross salary	158,010	0	158,010	0
Directors' pension contribution	20,293	0	20,293	0
Directors' benefits	2,607	0	2,607	0
Directors' fees	0	69,841	69,841	0
Total Directors' remuneration	180,910	69,841	250,751	0

17 Premiums for shortfall insurance policies

Members conducting retail activities

To provide an alternative to bonding and shortfall insurance ABTA has its own Guernsey based insurance subsidiary, ABTA Insurance PCC Limited (see note 3). The cost of the premiums payable by ABTA of £1,063,743 (2007 - £1,317,471) is fully recovered from contributions collected from members under the Travel Agent's Bond Replacement Scheme.

Members conducting principal activities

All bond shortfalls arising on failures in the year in respect of non-licensable business have been met by ABTA's wholly owned Guernsey based insurance subsidiaries (see note 3). Premiums totalling £236,250 (2007 - £157,500) were payable by ABTA to its subsidiaries during the year. Members' contributions towards this sum amounted to £193,715 (2007 - £155,380) and the shortfall of premiums collected of £42,535 (2007 - £2,120) has been borne by ABTA.

18 Legal and professional charges	2008	2007
	£	£
Retirement Benefits Scheme professional fees	49,120	28,993
Trade mark registrations	39,231	11,896
Abortive sale of Building	39,105	0
Taxation advice and accountancy	30,950	15,900
Staff recruitment	24,825	33,574
FTO Merger	24,225	0
VAT advice	18,830	37,930
Validity of Bonds	15,522	0
Corporate Responsibility	15,294	0
Judgement Awards	6,391	0
Restructuring of captive insurance subsidiaries	5,000	0
Amount overprovided in prior years	(20,000)	0
Other professional charges	10,167	26,498
Judicial review of CAA guidance note 26	0	228,069
Recovery of Judicial Review costs	0	(295,000)
Professional fees re: sub-letting of building	0	20,950
Challenge to Government tax	0	17,500
New Articles for ABTA	0	8,002
Total	258,660	134,312

Notes to the Financial Statements

for the year ended 30 June 2008

19 Net claims in excess of insurance cover	2008	2007
	£	£

Claims borne by ABTA Ltd in respect of members who failed during the following years

Year ended 30 June 2006	0	(150,000)
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These represent sums believed to be payable under ABTA's scheme of financial protection where the aggregate value of claims exceed the maximum sum under bonds provided and the insurance indemnity shortfall policy provided by the ABTA Travel Agents Insurance Company Ltd until 18 March 2008 and then ABTA Insurance PCC Ltd.

This policy provides cover up to a maximum of 150% (2007 - 150%) of premiums paid to the company in any one year.

It is considered that all claims notified for the year to 30 June 2008 will fall within the level of insurance cover.

The credit in 2007 represents the reversal of provisions made as at 30 June 2006 following the verification of outstanding claims recorded.

20 Members' failures

Where appropriate, ABTA administers claims in respect of the failure of its members by calling in bonds where they are required to be provided and/or by claiming on ABTA's indemnity shortfall insurance policies. ABTA has, in the past, borne the cost of members failures conducting Retail Activities which were in excess of Bonds and the insurance indemnity shortfall policy.

Additionally the ABTA Retail Fund makes discretionary payments which fall outside of ABTA's scheme of financial protection.

ABTA verify claims made and make settlements out of the funds called in.

During the financial year ended 30 June 2008, ABTA dealt with claims in respect of ABTA members as follows:

	Failure of Members conducting Principal activities £	Failure of Members conducting Retail activities £
Total claims	9,406,935	1,225,961

	2008	2007
The number of ABTA members who failed during the year was as follows:		
Members conducting Principal activities	10	13
Members conducting Retail activities	20	19

Notes to the Financial Statements

for the year ended 30 June 2008

21 Monies held on behalf of third parties

Failures

ABTA acts as trustee for the funds called in respect of failed members, which are held in separate designated accounts and are not reflected in ABTA's balance sheet. At 30 June 2008 ABTA was responsible for funds totalling £3,951,415 (2007 - £362,018). These sums represent funds called in and not yet distributed, together with accumulated interest.

Pipeline monies

Where ABTA holds as trustee certain funds relating to failed Tour Operators ("pipeline monies"). ABTA having obtained legal advice releases to income and expenditure account residual funds received more than 6 years ago. During the year £nil (2007 - £nil) was released and is included in miscellaneous income .

ABTA continues to hold as trustee Pipeline monies received during the last six years.

At 30 June 2008 these funds totalling £23,057 (2007 - £23,057) are held in separately designated accounts and are not reflected in the balance sheet of ABTA.

Fines

Under ABTA's Articles of Association, members who appeal against fines levied by ABTA are required to pay the fine prior to the hearing of the Appeal Board. These funds are returned if the appeal is successful. As at 30 June 2008 £ Nil (2007 - nil) was held by the ABTA and representing balances held pending hearing of the appeals . The funds are not reflected in the ABTA's balance sheet.

SPS

ABTA acts as a trustee for the monies paid by members conducting retail activities to members conducting activities as a principal through the ABTA Single Payment Scheme. As at 30 June 2008 the balance held in the scheme was £nil (2007 - £8,108,569) and is not reflected in ABTA's balance sheet.

Notes to the Financial Statements

for the year ended 30 June 2008

22 Pension scheme

ABTA has a funded pension scheme to provide retirement and death benefits for eligible employees, which is a defined benefit pension scheme. The scheme has been closed to new members with effect from 1 July 2003.

Actuarial valuation at 1 July 2007

The latest actuarial valuation of the scheme, carried out by the scheme's independent professionally qualified actuary, was at 1st July 2007 and was carried out using the scheme's technical provisions as required by the Pensions Act 2004.

At that date, the market value of the assets of the scheme was £6,866,000 and the value of the scheme liabilities was £10,675,000 with a deficit of £3,809,000 based on salary at retirement age. The value of the scheme assets was 64% of the amount of the liabilities of the scheme. A summary of the method assumptions used by the Scheme's qualified actuary were as follows:

- The discount rate to be applied to the scheme liabilities is 6.25% before retirement and 5.3% after retirement. For those members within 5 years of Normal Retirement Age pensions are assumed to be purchased on an underlying interest rate of 5.2%.
- Salary growth is 3.6%.
- Pension increases on pre-1 July 2003 service are 5% and 3.5% on post-1 July 2003 service.
- The standard contribution rate had been assessed using the Age Attained Method.

Contributions

In the year ended 30 June 2008, ABTA contributed 21.3% of pensionable salaries including death in service benefit for the year. ABTA's contributions towards the scheme's current service cost amounted to £261,000 (2007 - £226,000), together with an additional contribution of £1,600,000 (2007 - £500,000) towards the deficit.

From 1 July 2008 additional annual contributions of £332,000 will be contributed by ABTA. It is anticipated that the foregoing will eliminate the scheme deficit by 30 June 2016.

Additionally, ABTA has provided a charge against cash deposits held by its captive insurance subsidiary ABTA Insurance PCC Limited in the sum of £3,000,000.

Valuation assumptions

ABTA's appointed actuary for the purposes of carrying out the valuation at 30 June 2008 in accordance with Financial Reporting Standard 17 (FRS 17), adopted the following major assumptions:

	30 June 2008	30 June 2007
Rate of increase in salaries	4.6% pa	4.3% pa
Rate of increase in pensions in payment	4.1% - 5.0% pa	3.3% - 5.0% pa
Rate used to discount scheme liabilities	6.7% pa	5.8% pa
Inflation assumption	4.1%pa	3.3% pa
Expected return on assets	6.7% pa	6.1% pa
Mortality	PA92MC Year of Birth	PA92MC Year of Birth

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

	30 June 2008	30 June 2007
Equities	42%	51%
Fixed Interest	58%	42%
Cash	0%	7%

Balance Sheet

	£	£
Fair value of scheme assets	8,869,000	7,212,000
Defined benefit obligation	10,454,000	10,958,000
Deficit	(1,585,000)	(3,746,000)
Related deferred tax asset 28% (2007 - 28.64%)	443,800	1,072,880
Net pension liability recognised in the balance sheet	(1,141,200)	(2,673,120)
Funding level	85%	66%

Notes to the Financial Statements

for the year ended 30 June 2008

22 Pension scheme *continued*

Analysis of the amount charged to income and expenditure account

	30 June 2008	30 June 2007
	£	£
Current service cost	252,000	243,000
Losses on settlements and curtailments	3,000	193,000
Total operating charge	255,000	436,000

Analysis of the amount charged to net pension financing costs

Expected return on pension scheme assets	(510,000)	(379,000)
Interest on pension scheme liabilities	640,000	576,000
Total pension financing cost	130,000	197,000
Total charge to income and expenditure account	385,000	633,000

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

	30 June 2008	30 June 2007
	£	£
Actual return less expected return on pension scheme assets	(630,000)	136,000
Experience losses arising on the scheme liabilities	(45,000)	0
Changes in assumptions underlying the present value of the same liabilities	1,360,000	(37,000)
Actuarial gain recognised in the STRGL	685,000	99,000

Analysis of changes in the present value of defined benefit obligation (DBO)

	30 June 2008	30 June 2007
	£	£
Opening defined benefit obligation	10,958,000	10,797,000
Current service cost	252,000	243,000
Employee's contributions	74,000	73,000
Interest cost	640,000	576,000
Loss on settlements and curtailments	3,000	193,000
Changes in actuarial assumptions	(1,360,000)	37,000
Actuarial experience losses	45,000	0
Benefits (paid)	(158,000)	(961,000)
Closing defined benefit obligation	10,454,000	10,958,000

Analysis of changes in the fair value of assets

	30 June 2008	30 June 2007
	£	£
Opening fair value of assets	7,212,000	6,859,000
Expected return	510,000	379,000
Employer's contribution	1,861,000	726,000
Employee's contribution	74,000	73,000
Actual return less expected return on pension scheme assets	(630,000)	136,000
Benefits (paid)	(158,000)	(961,000)
Closing fair value of assets	8,869,000	7,212,000

Amounts for the current & previous four periods

	2008	2007	2006	2005	2004
	£	£	£	£	£
Fair value of scheme assets	8,869,000	7,212,000	6,859,000	7,323,000	6,786,000
Defined benefit obligation (Shortfall)	(10,454,000)	(10,958,000)	(10,797,000)	(10,939,000)	(8,884,000)
	(1,585,000)	(3,746,000)	(3,938,000)	(3,616,000)	(2,098,000)
Experience adjustment on assets	(630,000)	136,000	(25,000)	133,000	103,000
Experience adjustment on DBO	(45,000)	0	112,000	80,000	(802,000)

Notes to the Financial Statements

for the year ended 30 June 2008

22 Pension scheme *continued*

Movement in deficit during the year

	30 June 2008	30 June 2007
	£	£
Deficit at 1 July 2007	(3,746,000)	(3,938,000)
Current service cost	(252,000)	(243,000)
Past service cost	0	0
Loss on settlements and curtailments	(3,000)	(193,000)
Employer contributions invested	1,861,000	726,000
Other financial charges	(130,000)	(197,000)
Actuarial gain	685,000	99,000
Deficit in scheme at 30 June 2008	(1,585,000)	(3,746,000)

Factors which may affect the above results

The deficit is the difference between two much larger values, the assets and the liabilities. Hence relatively small changes in either of these values can result in relatively large changes in the deficit. Hence there is inherent volatility in the deficit value.

Factors which affect the values placed on the assets and liabilities include stock market performance, the discount rate chosen, and the difference between the discount rate and the salary growth assumption.

The FRS17 basis is based on financial conditions on a particular date. Financial conditions are likely to change over time. It is also possible for there to be large changes over short time periods. The number of members in the scheme is relatively small. Hence over a one year period the demographic experience of the scheme may vary significantly from the assumptions made. Hence there is also inherent volatility in the pension scheme numbers which relate to the income and expenditure account and the STRGL.

23 Related Party Transactions

The following transactions have taken place during the year with group companies.

Captive insurance subsidiaries

Income includes dividends of £291,000, a contribution of £46,250 towards risk management and other fees from the ABTA Insurance PCC Limited

Income includes dividends of £91,000 and a contribution of £3,750 towards risk management and other fees from the ABTA Insurance Company

During the year, as part of the restructuring of ABTA Insurance PCC Limited, 3,500 redeemable shares of £1,000 each and 200 ordinary shares of £1 each were issued as fully paid to ABTA Limited and financed by the capitalisation of reserves of ABTA Insurance PCC Limited. (Guernsey) Limited.

Indebtedness at the year end was as follows:

	ABTA (Guernsey) Limited	ABTA Insurance PCC Limited
	£	£
Dividends receivable (note 4)	91,000	291,000
Amounts payable within one year (note 5)	0	103,375
ATP Training Limited		£
Payment by ABTA Limited in respect of group relief		39,828
Amount due from ATP Training Limited at 30 June 2008 (note 4)		4,020

24 Post Balance Sheet events

On 1st July 2008 ABTA Ltd amalgamated with the Federation of Tour Operators (a company limited by guarantee) and its subsidiary International Tourism Services Limited (a company limited by guarantee). The amalgamation saw the two leading UK travel trade associations come together to create a powerful and stronger voice for the members and the industry in the UK and in Europe.