

ANNUAL REVIEW

KEY HIGHLIGHTS
FOR THE YEAR ENDED
30 JUNE 2009



BUILDING CONFIDENCE IN TRAVEL

THE FIRST HALF OF THIS FINANCIAL YEAR SAW THE TRAVEL INDUSTRY STRUGGLING WITH HIGH FUEL PRICES AND UNFAVOURABLE EXCHANGE RATES. THESE MARKET CONDITIONS LED TO THE FAILURE IN SEPTEMBER OF THE UK'S THIRD LARGEST TOUR OPERATOR, THE XL LEISURE GROUP. THE CIVIL AVIATION AUTHORITY WITH HELP FROM TWO LEADING ABTA MEMBERS ARRANGED FOR THE REPATRIATION OF OVER 80,000 CUSTOMERS, THE LARGEST SUCH OPERATION IN THE HISTORY OF THE INDUSTRY. ABTA USED THE OPPORTUNITY TO EMPHASISE THE FINANCIAL PROTECTION OFFERED TO THOSE ON PACKAGES AS OPPOSED TO THOSE WHO HAD BOOKED DIRECT WITH XL AIRWAYS.

With Members already struggling with tough trading conditions, the recession caused by severe problems in the financial markets has contributed to a downturn in the number of UK visits abroad, 61.4 million down from 70.7 million in the previous twelve months. Further capacity cuts helped maintain profit margins, but pressure on Members' businesses remains intense.

We addressed the area of financial protection through our proposal to the Civil Aviation Authority and the Government to widen the ATOL scheme to include all companies selling flights and accommodation whether or not they are legally a package. This is complemented by our proposal to the European Commission that they should introduce a simple, inclusive scheme for all travel arrangements as they review the Package Travel Regulations. Press statements from the Commission indicate that they will be introducing a much wider-ranging scheme and also that they are looking at sales of scheduled airline tickets. We have also continued to lobby against the unjustifiable hikes in Air Passenger Duty as well as raising public awareness of the rises through an ongoing PR and media campaign.

WE ADDRESSED THE AREA OF FINANCIAL PROTECTION THROUGH OUR PROPOSAL TO THE CIVIL AVIATION AUTHORITY AND THE GOVERNMENT TO WIDEN THE ATOL SCHEME

Our move to new offices in February has allowed us to create a better integrated work environment with greater understanding and easier cooperation between different departments. One of the greatest benefits has been the highly successful incorporation of the Federation of Tour Operators as a department within ABTA's secretariat. The FTO's expertise in health and safety and operational matters has proved invaluable in providing expert guidance to the whole membership. A prime example of this was the outbreak of H1N1 virus in Mexico in February and after it spread to the UK in April, when our comments and advice were led by FTO staff. The Travelife Sustainability system developed by the FTO has gone from strength to strength with, amongst others, Kuoni, Sunvil and Cooperative Travel the latest ABTA Members to sign up as well as the municipality of Calvia in Mallorca. Currently over 11,000 users have signed up to the scheme, an increase of almost 300% in six months.

Finally I would like to extend thanks to Justin Fleming who stood down as ABTA President in July after three years in the role. His leadership through some very challenging times was both inspirational and invaluable. His successor in the new role of Chairman, John McEwan, has already impressed with his profound knowledge of the industry and his ability to communicate a very clear vision of where ABTA is currently and where we should be heading.



Mark Tanzer
Chief Executive



THE YEAR AT A GLANCE

July 2008 →

- ABTA meets representatives from independent agents' consortia Advantage and Worldchoice to discuss subscription increases
- Aviation fuel hits record high of \$146 a barrel

August 2008 →

- Ryanair cancels customers' bookings made via third party screen scraping
- Spanair flight crashes at Madrid Barajas airport with 154 fatalities
- Zoom fails stranding thousands of passengers

September 2008 ↓

- Travel Trust Association and Worldchoice announce merger
- XL Leisure Group, fails. CAA and FTO members repatriate 85,000 customers, the largest number in travel industry's history. Failure highlights the protection offered by package holidays

February 2009 →

- CAA announces proposal to increase the ATOL levy from £1 to as much as £5, widely criticised in the industry
- ABTA and FTO staff move to new offices near London Bridge
- ABTA and other industry bodies launch PROFIT, an anti-fraud coalition in partnership with the Metropolitan Police

March 2009 ↙

- Office of Fair Trading compliments ABTA for its work on misleading pricing - a model for future initiatives with other organisations
- Dutch Government axes its version of Air Passenger Duty



Swine Flu outbreaks

October 2008 ↘

- XL failure leads to surge in ABTA membership applications - 30 in 14 days
- Ipsos MORI survey finds ABTA to be best known travel association with 74% recognition



Aviation fuel hits record high



ABTA and FTO staff move to new offices

November 2008 →

- Government announces hikes in Air Passenger Duty
- No frills carrier Air Asia launches flights to Malaysia at lead-in price of £99 one way
- Region of Calvia in Mallorca signs up to the ABTA Travelife Sustainability System

December 2008 →

- Bangkok airport reopens after week-long blockade by anti-Government protestors
- TUI and Thomas Cook both report significant profit rises in 2008

January 2009 ↗

- USA Electronic System for Travel Authorization (ESTA) comes into force, largely without problems following recommendations from ABTA
- Crucial January booking period sees better sales than expected

April 2009 →

- Gang of four fraudsters is ordered to pay £4 million to ABTA, CAA and others affected by their actions, following successful prosecution in 2008

May 2009 →

- Foreign & Commonwealth Office advises against travel to Mexico following outbreaks of swine flu
- Seventeen British tourists arrested in Rhodes for dressing as nuns on a stag weekend; widespread Brits-behaving-badly coverage in the media

June 2009

- John McEwan, Advantage Travel Centres Ltd Chief Executive, elected as ABTA Chairman after hard-fought campaign
- Virgin Atlantic celebrates 25th anniversary

KEY STATISTICS

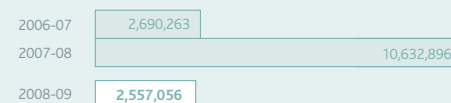
THE NUMBER OF FAILURES ROSE DURING THE COURSE OF THE YEAR WITH CHALLENGING MARKET CONDITIONS, BUT CLAIMS PAYMENTS FELL SUBSTANTIALLY, THE 2007/2008 FINANCIAL YEAR BEING DOMINATED BY ONE PARTICULARLY LARGE FAILURE.

The Consumer Affairs Department had another busy year but it was pleasing to see that consumer complaints fell by over 3,500 and arbitration cases by 240 reflecting the good work being done by ABTA Members to improve the experience of customers. The Members' Information line saw a substantial 33% increase in calls and enquiries from ABTA Members over a range of issues. These included giving advice on booking conditions, websites, agency agreements, dealing with customer complaints, debt chasing, and general expert legal advice. Net assets and accumulated fund increased year on year as the Association's finances remain in good health.

NET ASSETS AND ACCUMULATED FUND INCREASED YEAR ON YEAR AS THE ASSOCIATION'S FINANCES REMAIN IN GOOD HEALTH.



Value of claims settled during the year including failures pre 1 July 2008



Total enquiries to the Members' Information line 2008-09

13,367

Company failures

The tables below include companies that traded as both retail and principal Members and so are counted in both categories



Members conducting activities as a principal



Members conducting activities as an agent

Complaints 2008-09



KEY
STATISTICS



£3.35 million
Net current assets ABTA Limited

£7.03 million
Total group income

£11.3 million
Net assets and accumulated fund
ABTA Limited

FINANCIAL HIGHLIGHTS

	£	£
Summary Group Income & Expenditure Account for the year ended 30 June 2009	2009	2008
Turnover	7,033,111	8,043,564
Cost of sales	(1,011,015)	(1,389,658)
Gross Surplus	6,022,096	6,653,906
Administration Expenses	(6,673,505)	(6,610,812)
Operating (Deficit)/Surplus before interest and tax	(651,409)	43,094
Interest receivable	1,328,397	1,633,538
Operating Surplus before tax	676,988	1,676,632
Taxation	(233,682)	(638,941)
Surplus for the year after taxation	443,306	1,037,691
Summary Statement of Total Recognised Gains & Losses	2009	2008
Surplus for the year	443,306	1,037,691
Surplus on revaluation of investment property	4,694,032	0
Actuarial (loss)/gain on defined benefit pension scheme	(1,281,000)	685,000
Movement in related deferred tax asset	358,680	(191,800)
Total gains relating to the year	4,215,018	1,530,891
Summary Group Balance Sheet for the year ended 30 June 2009	2009	2008
Fixed assets	8,242,606	3,150,853
Current assets	24,902,007	24,722,682
Creditors: amounts falling due within one year	(1,701,815)	(1,807,657)
Net current assets	23,200,192	22,915,025
Total assets less current liabilities	31,442,798	26,065,878
Provisions for liabilities and charges	(683,834)	(248,412)
Net assets excluding pension liability	30,758,964	25,817,466
Net pension liability	(1,867,680)	(1,141,200)
Net assets including pension liability	28,891,284	24,676,266
Summary Company Balance Sheet for the year ended 30 June 2009	2009	2008
Fixed assets	10,027,808	4,930,949
Current assets	5,012,029	5,890,581
Creditors: amounts falling due within one year	(1,656,966)	(1,494,785)
Net current assets	3,355,063	4,395,796
Total assets less current liabilities	13,382,871	9,326,745
Provisions for liabilities and charges	(166,044)	0
Net assets excluding pension liability	13,216,827	9,326,745
Net pension liability	(1,867,680)	(1,141,200)
Net assets and Accumulated fund	11,349,147	8,185,545

Directors' Statement

The auditor has issued unqualified reports on the full annual financial statements and on the consistency of the directors' report with those financial statements. Their report on the full annual financial statements contained no statement under sections 498(2)(a), 498(2)(b) or 498(3) of the Companies Act 2006.

The Board of Directors approved the full financial statements on 26 November 2009.

The summary financial statement may not contain enough detail to allow for a complete understanding of ABTA's financial affairs and does not constitute full statutory accounts within the meaning of s.434(3) of the Companies Act 2006.

For further information, the full financial statements, including the auditors report, should be consulted. They can be obtained from:

ABTA Ltd 30 Park Street, London SE1 9EQ
Telephone: (0)20 3117 2444 and online at
www.abta.com

Independent Auditors' Report to the Members of ABTA Ltd

We have examined the summary financial statements of ABTA Limited for the year ended 30 June 2009 which comprises the Summary Group Income & Expenditure Account, Summary Group Statement of Total Recognised Gains and Losses, Summary Consolidated Balance Sheet, and Summary Company Balance sheet.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review with the full annual financial statements, and its compliance with the relevant requirements of section 427 of the Companies Act 2006 and the regulations made thereunder.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2008/3 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements of ABTA Limited for the year ended 30 June 2009 and complies with the applicable requirements of section 427 of the Companies Act 2006, and the regulations made thereunder.

Christopher Malacrida (senior statutory auditor)

for and on behalf of
CHANTREY VELLACOTT DFK LLP
Chartered Accountants
Statutory Auditor
LONDON

26 November 2009

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