

ABTA Limited
Company number 551311
Consolidated Annual Report and Financial Statements
for the Year Ended 30 June 2021

ABTA Limited

Financial Statements for the year ended 30 June 2021

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Corporate governance statement

The Board of Directors is committed to the highest standards of corporate governance and believes that such standards are essential to business integrity and performance.

General

The Board is responsible for taking decisions on the on-going strategic direction of ABTA and approving major developments. The Board meets, on average, six times a year and has several standing committees including a Membership Committee, a Code of Conduct Committee, and a Finance Committee. The Board will set the terms of reference and delegated powers of its committees and, through them, manage its responsibility for the day-to-day operations of ABTA.

The Board 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 the 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 on-going process. Where controls are not in place the Board, through its committees, agrees and reviews a timetable for implementation.

The Board comprises a minimum of seven persons and a maximum of 14. The composition of the Board is intended to ensure it has the optimum level of expertise and allow it to be fully representative of the industry today and in the future. The role of Chairman is separated from the role of the Chief Executive, both of whom are members of the Board.

Criteria for membership of the Board are:

- Four persons representing ABTA Members who are elected by the membership;
- One person being the Chairman who is elected by the Board from amongst its own number;
- One person being the Chief Executive;
- Up to five persons representing ABTA Members who are appointed by the Board members;
- Up to three other persons who are appointed by the above Board members who need not represent a Member of ABTA.

At 30 June 2021 there were 13 Board members and one vacancy.

All Board members, except the Chief Executive, will serve two-year terms. Board members, save for the Chief Executive and those elected by the membership, may serve a maximum of three consecutive terms.

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

Financial Reporting

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

Actual results are reported and monitored by budget holders on a monthly basis. Revised forecasts for the year are prepared quarterly. The Chief Executive, his Senior Leadership Team and the Board review the reports quarterly.

Risk Management

ABTA's Board, the Chief Executive and his Senior Leadership Team examine on a continual basis the major strategic, business and operational risks 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. ABTA's Executive Risk Management Group meets four times a year to review and consider input from all departments to ensure that all risks applicable to ABTA are identified and are being effectively managed. In addition, all risks are reviewed twice a year as an integral part of the business planning process.

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Corporate governance statement (continued)

The Risk Management and Governance Review Committee, a Committee of the Board comprising three Board members, including the Chief Executive, reviews risk, reports to the Board twice a year, and maintains a formal risk register.

Controls and Procedures

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

The financial controls and procedures are reviewed regularly by senior management, the Finance Committee and other appropriate Committees supported by the work of the independent auditor.

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

Approved By Order of the Board:

Simon E Bunce
Secretary
30 Park Street
London SE1 9EQ



25 November 2021

ABTA Limited

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Strategic Report

1. Strategic Management

ABTA is a trade association, representing the interests of its Members, and servicing their business needs. Some of these services are supplied through subsidiary companies, principally ABTA Insurance PCC Limited which provides primary and shortfall insurance in respect of Members' retail business and non-ATOL business activities as principals. The sustainability accreditation business of Travelife is conducted through a wholly owned subsidiary, Travelife Limited.

The role of ABTA is:

- 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.

ABTA's directors set the group's strategy, and continually review performance against plan and budget.

2. Business Environment

The last twelve months have seen the industry continue to deal with the effects of the Covid pandemic and ongoing travel restrictions with the ban on overseas holidays only partially lifted in May.

The coronavirus crisis has also caused the failure of several ABTA Members and the ABTA Claims team has been facilitating refunds for tens of thousands of customers.

The appetite for clear and accurate information from ABTA Members, the public and the media has remained high throughout the pandemic and ABTA has been at the forefront in providing this through virtual events, media comments, broadcast interviews, guidance notes and the Covid hub on abta.com.

ABTA has been a strong advocate on the needs of the sector – including around the return to international travel and financial support to help the industry through to recovery. As travel has started to reopen ABTA has repeated its calls on the Government to ensure that the Traffic Lights system performs as it was originally intended to and facilitate overseas travel as well as taking steps to reduce the overall cost of testing and only make testing a requirement where appropriate.

3. Strategic Risks

The Board of Directors' Risk Management and Governance Review Committee continued to review ABTA's strategic and operational risks. The Group includes three Board members and also non-Board member industry experts.

ABTA's strategic risks are grouped into five main areas. These also form the pillars of the 2020 – 2023 three-year Strategic Plan:

- To ensure that ABTA remains the pre-eminent travel association
The risk that ABTA is no longer seen as the pre-eminent travel association
- To deliver unquestioned Member value
The risk that ABTA Members fail to see value in the ABTA service provision.
- To make ABTA The Place to Work
The risk that ABTA is not seen as a prestigious place to work or that it is unable to attract or retain talent.
- To seek continuous performance in effectiveness and efficiency
The risk that the quality of ABTA's service provision is not maintained or declines.
- To be set for the Future
The risk that ABTA does not judiciously manage its reserves or that income declines while costs are stable or increase.

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Risk Landscape

The current trading environment remains extremely difficult for all ABTA Members. The Covid vaccination rollout programme gives promise of eventual recovery for the sector but will not alleviate the industry's cash crisis in the short term. The continuation of testing and quarantine requirements, although partially relaxed, has reduced consumer confidence to book. The financial markets for bonding and insurance remain constrained. The crisis not only impacts short-term revenues but creates uncertainty as to the future shape of the travel industry, and for ABTA, and the services that Members will require, and be able to afford.

The challenge for ABTA at this time is to move forward in a way that supports Members through the current Covid crisis, is consistent with the overall purpose and values of the organisation and delivers a financial result that is acceptable and responsible.

The significant risks have been identified as follows:

Strategic Risks

Financial Protection

The Covid pandemic has increased the risk of ABTA Members failing, and this risk is increasing the longer the pandemic continues. The risk to the Group would be if it is holding insufficient bonding cover from a Member to pay refunds arising from that Member's failure. This will cause a drain on the captive insurance company's reserves. It is important to note that the risk to ABTA of individual companies failing without sufficient bonding in place is not necessarily increased at this time. If anything, it may be reduced as companies are holding less customer money. However, some tour operator Members will have built up additional exposure through issuing Refund Credit Notes. ABTA has taken active steps to ensure bonding levels remain adequate including additional and more frequent monitoring of Members and customer monies held.

Subscription Income

There is a risk that ABTA's subscription income is significantly reduced either due to a large number of failures of Members or, because of depressed trading levels, Members are either unable or unwilling to pay their subscriptions. Steps have been taken to ensure that ABTA has the flexibility to adjust to changing revenue levels and the three year plan includes a review of the subscription model and the services delivered by ABTA to ensure that ABTA continues to deliver value within the constraints of its resources.

In recognition of the extraordinary difficulties faced by Members as a result of the Covid pandemic, the ABTA Board approved a 50% discount on all Members' subscriptions (based on normal subscription calculations) for the Financial Year 2020/21. Designed to assist Members and prevent a run of resignations the discount was met with very positive feedback. This has cost ABTA £3.3 million, which has been funded from reserves.

For the Financial Year 2021/22 the ABTA Board approved a deferred payment structure for all Members whose annual subscription level stands at £3,000 or less. This group accounts for about two-thirds of the membership by head-office number. The move represents approximately £500k of deferred cash-flow for ABTA which will be collected in two parts, in January 2022 when 50% will be payable, with a further 50% collected in April 2022. This is designed to allow those smaller Members extra time for their cash flow to return closer to pre-pandemic levels and to have the maximum effect in stabilising Membership and retention.

A £2m CBIL loan facility with Lloyds was put in place in July 2021 to ensure that ABTA had sufficient liquidity to cover the deferral and ABTA's working capital requirements in the short-term. ABTA sold its former offices on Newman Street in October 2021 to convert the asset into more flexible capital, facilitating an early repayment of the CBIL loan. The premises were more than fifty years old and would need considerable reinvestment costs to modernise at a time when ABTA's entire focus is on helping Members come through the Covid crisis. Although a sale will provide more flexibility it does mean giving up rental income on the property, which today is a significant revenue stream. The sale will allow ABTA to shape the Association for the future and continue to provide the breadth of services that ABTA Members demand.

Discretionary cost and staff savings (through redeployment, use of the furlough scheme and non-replacement of vacancies) have been implemented in 2020/21 and continue in 2021/22.

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ABTA Brand

As the expiry of Refund Credit Notes approaches there is a risk that the industry will enter a second wave of demand for the return of customer money. Although we will provide accurate advice to Members setting out their responsibilities to their customers, some businesses may not have the ability to pay refunds, and ABTA's ability to enforce payment may be limited, further damaging consumer confidence and jeopardising trust in the brand.

We have put in place a consumer "pulse" survey to monitor ABTA brand sentiment. This consumer research shows that consumer perception and sentiment toward ABTA is still very positive. This should help in the communications and PR challenge that lies ahead as we support Members as they launch new marketing and PR activity. ABTA is actively monitoring and engaging with social media platforms, where criticism has been most vocal.

Operational Risks

The following operational areas have been identified as being heightened due to the ongoing pandemic and impact on the travel industry, and are being managed as part of the course of business:

- The ABTA events programme has been significantly affected by the Covid-pandemic, face-to-face events have been cancelled and there is a risk that continued operation is unsustainable in the absence of income. To reduce salary costs, recruitment for vacancies within the team was put on hold and staff redeployed. We continue to explore opportunities of new ways of engaging with Members that are both cost effective and provide potential for greater reach and engagement.
- As other sectors recover more quickly from the worst economic effects of the pandemic there is a significant risk that ABTA is unable to retain key staff, in particular those individuals with transferable skills, and is unable to attract high quality candidates to replace any leavers. ABTA has worked hard to support staff, providing additional training for managers, putting wellbeing support in place for all staff and ensuring that suitable equipment and technical support is available to all to reduce stress levels wherever possible.
- The primary customers of Travelife – i.e. destination hotels – will likely prioritise operational issues as they re-open and therefore will either not be in a position to pay their Travelife fees or will not have the capacity to accommodate Travelife audits. There is a risk of ongoing loss of revenue, and loss of traction with the customer base when travel recovers. Travelife has produced a detailed and flexible Covid recovery and growth plan, including an engagement strategy ensuring hotel Members are kept up to date, and audits have re-started.
- A different travel landscape is likely to emerge following the Covid pandemic, affecting the structure of the Membership, their business models, the services they require from ABTA, and the affordability of those services. There is a risk that there is mismatch between ABTA's offering and the Member's requirements. ABTA is working with Members to understand the utility of the services we provide; the priority services that Members require, and the affordability of the services provided. Work on activity-based financial modelling has been undertaken and will continue in parallel with the review of ABTA services to ensure that the organisation that emerges reflects both what Members need and what they can afford.

Financial instruments and financial risk management objectives

The Group is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities in respect of its insurance business carried out by its subsidiary, ABTA Insurance PCC Limited (the "AIPCC"). In particular, a current financial risk to AIPCC is that its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The components of this financial risk are market risk (including interest rate risk, other price risk and currency risk), credit risk and liquidity risk. Interest rate risk is managed by investment guidelines set by the Group and by Guernsey regulatory requirements in relation to the insurance business.

The Group manages the levels of credit risk it accepts by monitoring its exposure to a single counterparty, or groups of counterparties, and by investing in counterparties that have a high rating. Such risks are subject to regular review by the AIPCC Board. Liquidity risk is managed by safeguarding the Group's ability to continue as a going concern.

The AIPCC is required to maintain capital requirements in line with the Insurance Business (Solvency) Rules 2015 and the Companies (Guernsey) Law 2008.

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4. Business Performance and Key Performance Indicators (KPIs)

ABTA is managed by both financial and non-financial KPIs through the organisation's business plan and budget. A three-year strategic plan was set in 2020 to shape the future of the organisation. The plan is underpinned by five strategic objectives:

- To ensure that ABTA remains the pre-eminent travel association
- To deliver unquestioned Member value
- To make ABTA The Place to Work
- To seek continuous performance improvement in effectiveness and efficiency
- To be set for the Future

An annual business plan together with financial and non-financial deliverables was set against these objectives. Good progress was achieved whilst continuing to support Members through the crisis as detailed below.

The impact of the Covid-19 pandemic has given added urgency to the intended work programme in a climate of short- and medium-term industry uncertainty.

Whilst 149 Members left the Association in the year under review 22 new Members joined, bringing the year-end membership number to 928 (2020: 1,055). This reduction reflects the impact of Covid, with a number of Members ceasing to trade or failing financially, and also continuing consolidation within the industry. Pre-Covid, aggregate Member turnover exceeded £40 billion. Based on current accounts submitted by ABTA Members this is down to £18.6 billion, highlighting the initial Covid impact. To assist Members, for the membership year 2020-21, subscriptions were discounted by 50%, deferred to 2021. This represented a significant discount for Members at a cost to ABTA of £3.3m. Quarterly collections were also introduced to assist with Members' cashflow.

ABTA's commercial revenue was also significantly affected in 2020/21. Due to Covid restrictions, ABTA was unable to deliver its usual programme of face-to-face events and the launch of ABTA Travel Sure, ABTA's commercial travel insurance product was delayed. Measures have been put in place in order to address these impacts and to ensure the continued operation of ABTA Limited's infrastructure as both a trade association and Approved Body. These include discretionary spending cuts, vacant posts put on hold or removed, redeployment of staff (to assist with the significant number of claims) or put on furlough from areas such as Events and Travelife where activity had reduced due to Covid. A CBIL loan of £2m was obtained in order to assist with the Association's cash flow. A decision was also made to sell ABTA's investment property in order to assist with longer term cash flow. The proceeds will be used to repay the CBIL loan, to meet cash requirements during the recovery period as ABTA resumes its break-even position, and to provide yield to fund ABTA's on-going operations.

An overall group loss after taxation of £15,273k (2020: £408k surplus) was made, of which a loss of £2,541k related to Trade Association activity and a loss of £12,732k to Insurance activities. This loss related mainly to one significant case of customer refund claims following the failure of an ABTA Member exceeding the bond held by ABTA (South Quay Travel and Leisure Ltd in July 2020).

The group loss together with the effect of the actuarial gain on the pension scheme of £1,686k (2020: £1,571k loss) net of tax and reserves movements relating to insurance activities of £31k, overall decreased ABTA's group net assets by £13,617k (2020: £1,174k) to £25,667k (2020: £39,284k).

Industry Support

ABTA has been a leading voice in stressing to Government, Parliament, and the media the impact the pandemic is having on the industry and what the sector needs to help it recover. Through our engagement with Government Ministers and officials, including meetings and correspondence, appearances at Select Committees and lobbying of MPs, we have laid bare the impact the pandemic has had on the industry and outlined the action needed to help protect jobs and businesses and get people travelling again.

We have supported Members in engagement with their MPs and local authorities by providing template letters and materials for travel agents and tour operators to explain the challenges they face due to the pandemic and to campaign for support.

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Following pressure from ABTA and a change to legislation, travel agents in England were officially deemed eligible for the Local Restrictions Support Grant from January 2021. Discretionary grant funding has also been made more available for travel companies, including amendments to the UK Government's guidance in June 2021 which now states that travel agents and tour operators should be prioritised for the Additional Restrictions Grant.

In Scotland, ABTA worked with the SPAA and Government officials to secure the Travel Agents Fund, which was a grant scheme open to all outbound travel businesses. Likewise, in Northern Ireland, ABTA worked with partners to secure and design sector specific support, and in Wales, following ministerial meetings and coordination with Welsh Government officials, we received official confirmation that both travel agents and tour operators were eligible for grant funding through the Economic Resilience Fund (ERF).

ABTA has worked closely with other sectors of the travel industry to present a united front to the Government and other decision makers, in particular we have been leading the Save Future Travel coalition which has been very active throughout the year.

ABTA was one of the main organisers of a Travel Day of Action on 23 June which saw thousands of people from across the travel industry get involved in activities online and in person to speak up for travel and sent a clear, and very loud message to Government. Together we urged the UK Government and devolved administrations to support the sector by safely opening up travel and providing tailored financial support to help businesses survive the crisis.

Customer refund claims handled and paid

The extremely challenging trading conditions created by the pandemic resulted in 28 ABTA Members failing financially. Customer refund claims have been processed by an increased in-house team as well four claims handling providers. In the past 12 months ABTA has received over 43,000 claims and has paid £23,687k on 17,835 claims across the financial year.

Media coverage

ABTA has been in close contact with the media throughout the pandemic, both proactively and reactively. This resulted in 3,667 interviews and broadcast mentions with contributions from the Chief Executive, members of the Senior Leader team and other ABTA spokespeople as well as 4,598 pieces of coverage in the national, local and trade media.

Pandemic travel advice on abta.com

The Coronavirus hub page on the ABTA website is intended to give the travelling public and ABTA Members clear and accurate advice and guidance and is regularly updated with input from the ABTA Legal, Destinations and Communications teams. Throughout the year the consumer advice had 287,982 page views and the Member advice 3,549 page views.

Destinations

Once travel restarted, for a brief period at the end of July 2020, ABTA's Destinations team created a new FCDO travel advice country guide to help Members navigate the FCDO's travel advice and the DfT travel corridor revisions for British travellers. It also produced a customer information leaflet to provide tips and considerations for anyone preparing to travel overseas.

In May 2021 we adapted the FCDO travel advice country guide in response to the introduction of the traffic light system for travel, adding information on traffic light categories and quarantine requirements for entry into England, Scotland Ireland and Wales. The guide was also expanded to provide country specific entry restrictions.

ABTA's destinations team also developed a 'Country recovery plans' page, to host the guidance documents that ABTA receive from destination governments, or their Tourism Associations, detailing their own countries' specific recovery plans and health and hygiene initiatives.

In ABTA's annual Member Survey, Members rank the operational and communications support that ABTA provides during a crisis among the most important of services. ABTA produced and circulated 2,816 Operational Bulletins featuring events, incidents, health and safety updates and changes to the FCDO travel advice. ABTA has 2,450 subscribers to the operational bulletin service; this equates to 7,237,242 individual emails.

Member helplines

ABTA launched two new helplines this year to assist Members with fresh challenges created by the pandemic: a Cyber Security helpline to help Members with the rise in online security threats, and a Chargeback helpline, helping Members understand when a chargeback can be made, when it can be challenged and what the process is.

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Conferences and events

ABTA ran a varied virtual events programme including virtual conferences, training days, and its first virtual Travel Convention. It also ran free to attend webinars and regional meetings virtually. Overall, the online events programme attracted around 11,500 attendees. Webinars, designed to support Members through the pandemic, attracted 7,582 delegates from July 2020 – June 2021. The virtual Travel Convention attracted 530 delegates. Virtual conferences included The Association's annual Travel Law Seminar, Travel Finance Conference and Travel Matters.

Sustainability

ABTA is working with Members, their suppliers, destination authorities, travellers, the wider industry, and the UK government to build a more sustainable industry.

In October 2020 we launched Tourism for Good: A roadmap for rebuilding travel and tourism. The report sets out how the devastating impact of the global pandemic has brought into relief the value of tourism and provides a framework to embed sustainability into tourism's recovery. We highlighted four areas for action: environment, destination and community impact, human rights and animal welfare.

On climate change, ABTA has engaged Members on emissions measurement, reduction and targets and as a member of Sustainable Aviation, we are working towards net zero aviation in the UK.

Many destinations have reviewed their tourism strategy in response to the pandemic, and ABTA has promoted sustainability with destination representatives and governments.

ABTA has been supporting Members to implement human rights approaches and has been an active member of the Roundtable Human Rights and Tourism.

On animal welfare, we have supported Members in responding to NGOs, and have engaged with the Department for Environment Food & Rural Affairs on upcoming animal welfare legislation for travel companies.

ABTA also conducted a Member sustainability indicator survey and established a baseline of how the travel and tourism industry was tackling sustainability before the pandemic.

Travel Sure insurance product

As consumer confidence starts to return to travel the ABTA Travel Sure insurance policy is well placed to support Members and the travelling public with a high quality and comprehensive travel insurance product, enhanced cover for Covid which ensures that Travel Sure is meeting the needs of consumers and helping to create confidence in travel. Since the start of the school holidays Travel Sure has also seen a significant uplift in sales.

Book with confidence and Ready Steady Travel campaigns

The Travel with confidence campaign focused on the "booking" message and ran from December 2020 to February 2021. The campaign started on 14 December 2020 with targeted advertisements. Christmas Day saw advertisements on Heart and Capital (digital) go live, and radio advertising delivered a combined reach of over 14m. ABTA engaged with Facebook, Instagram, YouTube and Twitter and 10.4m people saw the advertisement across all channels. To support the campaign, ABTA also ran another #MakeMoreMemories competition on New Year's Day on Twitter, Facebook and Instagram and had over 2,000 entries

ABTA reached 7.3 million views of its advertising on Facebook, Instagram and Twitter. Throughout the campaign period in general, ABTA had positive consumer sentiment across its social channels. Consumer engagement from Facebook and Twitter recorded 45% positive and 15% negative – 40% rated as neutral. This gives a NPS (Net Promoter Score) of 30%* positive sentiment overall.

In May ABTA launched a new campaign - #ReadySteadyTravel - to help travellers feel informed, reassured, confident and excited to book foreign travel this year. The campaign also emphasised the benefit of booking travel through an ABTA Member. Through the campaign ABTA shared content across online and social media channels, working with national media to help people feel equipped and confident to travel this year. The first phase of the campaign saw the publication of a new website hub which has content about travelling during the pandemic (www.abta.com/readysteadytravel). The hub launched in early May to coincide with the announcement of the destinations in each traffic light list.

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Customer support/information

Travel with confidence is also about the advice and support ABTA offers to Members' customers and the dispute resolution service it provides to help resolve complaints where customers and Members may have a disagreement. During the year, to better represent the function it performs, Customer Support was renamed Customer Information. The team dealt with 15,988 individual cases over the last year and there were also 217 customer arbitration awards made during the year.

Travelling Together Report

In this report, on the economic value of UK outbound travel to the countries of the European Union, we looked at every area touched by travel and tourism, from macro-economic impacts on national economies and employment levels, through to the number of businesses which are supported across the continent. The research quantifies how UK outbound tourism has positively impacted lives, stimulated economic growth, provided jobs and supported businesses throughout Europe.

Approved By Order of the Board:



Simon E Bunce
Secretary
30 Park Street
London SE1 9EQ

25 November 2021

ABTA Limited

Financial Statements for the year ended 30 June 2021

Directors' Report

The board of directors submits its Strategic Report, Directors' Report and the Financial Statements for the year ended 30 June 2021.

1. Directors

The names of the members of the board of directors during the year ended 30 June 2021 were:

Alistair Rowland (Chairman)
Mark Tanzer (Chief Executive)

Elected by the membership:

Derek Jones
Jamie Gardiner
Daniele Broccoli
Adam Murray

Appointed Member representatives:

Stuart Leven (resigned 26 March 2021)
Richard Sofer (resigned 26 March 2021)
John Bevan
Stephen Heapy (appointed 25 March 2021)
Ruth Marshall (appointed 06 April 2021)
Garry Wilson (appointed 06 April 2021)
Andrew Flintham (appointed 06 April 2021)

Non-members:

Amanda Amroliwala
Rt Hon Baroness Stowell of Beeston

ABTA provided 3rd party indemnity insurance for all the directors throughout the year ended 30 June 2021.

2. Going Concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of contingent events in making their assessment, including ABTA's role in providing financial protection and the level of bonding and reserves in place in case of future Member failures. The Covid pandemic has had a significant impact on the travel industry - further detail on this is contained within the Strategic Report. In response to the Covid pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future Member failures. The assessment performed did not identify any material uncertainties that may cast doubt on the future viability of the ABTA group and therefore it is appropriate for the financial statements to have been prepared on a going concern basis.

3. Post balance sheet events

A £2m CBIL loan facility with Lloyds was put in place in July 2021, secured on ABTA's investment property. In October 2021, ABTA sold the freehold interest in its investment property, and the CBIL loan was repaid in full.

4. Charitable donations

Charitable donations totalling £13,768 (2020: £27,985) were paid during the year ended 30 June 2021. Included in the charitable donations was £12,500 (2020: £26,738) to ABTA Lifeline, ABTA's charitable trust for those in the travel industry who have fallen upon hard times.

5. Auditor

BDO LLP is willing to continue in office as auditor and offer themselves for reappointment in accordance with Section 487 (2) of the Companies Act 2006.

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Directors' Report (continued)

6. Strategic report

The directors have prepared a separate Strategic Report incorporating the business review, risks and uncertainties, as well as financial risk management objectives and policies, including information on exposure to liquidity and cash flow risk. This is set out on pages 3-9.

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 2006) 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.

Approved By Order of the Board:

Simon E Bunce, Secretary, 25 November 2021



30 Park Street, London, SE1 9EQ

ABTA Limited

Financial Statements for the year ended 30 June 2021

Directors' responsibilities statement

The directors are responsible for preparing the Director's Report and Strategic 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. Under that law, the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company and of the surplus or deficit of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

ABTA Limited

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Independent Auditor's Report to the Members of ABTA Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's deficit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ABTA Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group and Company Statement of Changes in Equity and the Group and Company Cash Flow Statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Independent Auditor's Report to the Members of ABTA Limited (continued)

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of designing our audit, based on our understanding of the industry in which the Group operates, we assessed the risks of material misstatement in the financial statements, including how fraud may occur. We considered the parent company's own assessment of the risks that irregularities may occur either as a result of fraud or error and held discussions to consider whether there was any knowledge of actual, suspected or alleged fraud.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Independent Auditor's Report to the Members of ABTA Limited (continued)

We also considered financial performance, key drivers for performance targets and the risks of non-compliance with applicable laws and regulations. We considered the extent to which non-compliance might have a material effect on the Group's financial statements. As part of our discussions, we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Where possible, we obtained and reviewed corroborating documentation.

Appropriate audit procedures included the review of the parent company's documentation of risks and associated mitigating actions, review of Board and Finance Committee meeting minutes, and enquiries regarding any matters which might indicate a breach of applicable laws and regulations. Note that auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management, and inspection of regulatory and legal correspondence if any.

We also completed the following procedures:

- Performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the risk of fraud through management override of controls, we tested journal entries and other adjustments for inappropriate or unusual journals outside of our expectations, as well as for any significant transactions outside the normal course of business, taking into consideration the scope for management to manipulate financial results through the timing of transactions, particularly in relation to the recognition of income;
- Reviewed performance related payments made to staff, with particular challenge as to whether individuals receiving such payments were able to influence the metrics used to determine amounts to be paid; and
- Assessed the appropriateness of key estimates and judgements made by management and challenged the assumptions used in accounting estimates. We considered the key estimates to be the valuation of the defined benefit pension scheme liability and the loss provision on insurance activities.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Charles Morelli
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Charles Morelli (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 10 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ABTA Limited

Financial Statements for the year ended 30 June 2021

**Group Statement of Comprehensive Income
for the year ended 30 June 2021**

	Notes	2021 £000s Trade association activities	2021 £000s Insurance activities	2021 £000s Total	2020 £000s Total
Turnover	2	4,439	2,126	6,565	11,212
Insurance claims, net of recoveries		-	(14,752)	(14,752)	(434)
Gross surplus / (deficit)		4,439	(12,626)	(8,187)	10,778
Administration expenses		(8,352)	(1,204)	(9,556)	(11,487)
Other operating income – rental income		910		910	910
Loss on revaluation of investment property	8	(350)	-	(350)	-
Operating (deficit) / surplus before investment income and tax		(3,353)	(13,830)	(17,183)	201
Investment income		60	1,098	1,158	469
(Deficit) / surplus before taxation	3	(3,293)	(12,732)	(16,025)	670
Taxation	6	752	-	752	(262)
(Deficit) / surplus for the year after taxation		(2,541)	(12,732)	(15,273)	408
Other comprehensive income (Deficit) / surplus for the year		(2,541)	(12,732)	(15,273)	408
Actuarial gain / (loss) on defined benefit pension scheme	16	2,082	-	2,082	(1,940)
Movement in related deferred tax asset	14	(396)	-	(396)	369
Total other comprehensive income / (expense)		1,686	-	1,686	(1,571)
Total comprehensive expense for the year		(855)	(12,732)	(13,587)	(1,163)

All activities relate to continuing activities.

The notes on pages 21 to 39 form part of these financial statements.

ABTA Limited

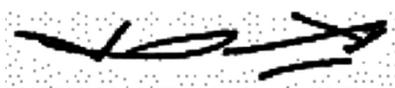
Financial Statements for the year ended 30 June 2021

**Group balance sheet
at 30 June 2021**

	Notes	Trade association activities £000s	Insurance activities £000s	2021 £000s	Restated 2020 £000s
Fixed assets					
Intangible fixed assets	7	144	-	144	142
Tangible fixed assets	8	19,926	-	19,926	20,319
Investments	9	-	195	195	98
		20,070	195	20,265	20,559
Current assets					
Debtors amounts falling due within one year	10	785	38	823	1,171
Debtors arising out of insurance operations	10	-	437	437	79
Investments	11	722	8,201	8,923	20,856
Cash at bank and in hand		683	2,663	3,346	5,677
		2,190	11,339	13,529	27,783
Creditors: amounts falling due within one year	12	(2,687)	(649)	(3,336)	(2,703)
Net current (liabilities) / assets		(497)	10,690	10,193	25,080
Total assets less current liabilities		19,573	10,885	30,458	45,639
Provisions for liabilities					
Deferred taxation	14a	(823)	-	(823)	(1,179)
Loss provision on insurance activities	14b	-	(1,217)	(1,217)	(414)
		(823)	(1,217)	(2,040)	(1,593)
Net assets excluding pension liabilities		18,750	9,668	28,418	44,046
Net pension liabilities	16	(2,751)	-	(2,751)	(4,762)
Net assets including pension liabilities		15,999	9,668	25,667	39,284
Represented by:					
Restricted Retail Fund	15	543	-	543	543
Restricted Principals' Fund	15	3	-	3	3
Accumulated Fund	15	15,453	9,668	25,121	38,738
Total Reserves		15,999	9,668	25,667	39,284

These financial statements were approved by the board of directors and authorised for issue on 25 November 2021

Signed on behalf of the board of directors by



Alistair Rowland
Chairman



Mark Tanzer
Chief Executive

The notes on pages 21 to 39 form part of these financial statements.

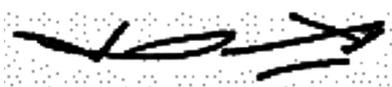
ABTA Limited**Financial Statements for the year ended 30 June 2021****Company balance sheet
at 30 June 2021**

	Notes	2021 £000s	2020 £000s
Fixed assets			
Intangible fixed assets	7	89	87
Tangible fixed assets	8	19,926	20,319
Investments	9	2,205	2,205
		22,220	22,611
Current assets			
Debtors: amounts falling due - within one year	10	758	1,111
- after one year	10	1,076	738
Investments	11	722	2,569
Cash at bank and in hand		441	1,101
		2,997	5,519
Creditors: amounts falling due within one year	12	(1,966)	(1,821)
Net current assets		1,031	3,698
Total assets less current liabilities		23,251	26,309
Provisions for liabilities			
Deferred taxation	14a	(862)	(1,211)
Net assets excluding pension liabilities		22,389	25,098
Net pension liabilities	16	(2,751)	(4,762)
Net assets including pension liabilities		19,638	20,336
Represented by:			
Restricted Retail Fund	15	543	543
Restricted Principals' Fund	15	3	3
Accumulated Fund	15	19,092	19,790
Total Reserves		19,638	20,336

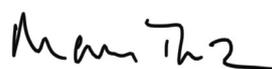
The company has taken advantage of the exemption under Section 408 (3) of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The company's net loss after tax for the year was £2,384k (2020: loss of £287k).

These financial statements were approved by the board of directors and authorised for issue on 25 November 2021.

Signed on behalf of the board of directors by



Alistair Rowland
Chairman



Mark Tanzer
Chief Executive

The notes on pages 21 to 39 form part of these financial statements.

Company registration number: 551311

ABTA Limited**Financial Statements for the year ended 30 June 2021****Group and company statement of changes in equity
at 30 June 2021****Reserves at 30 June 2021**

Group	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2020	543	3	38,738	39,284
Loss for the year	-	-	(15,273)	(15,273)
Other recognised gains	-	-	1,686	1,686
Deconsolidation of member cellular shares	-	-	(30)	(30)
As at 30 June 2021	543	3	25,121	25,667

Company	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2020	543	3	19,790	20,336
Loss for the year	-	-	(2,384)	(2,384)
Other recognised gains	-	-	1,686	1,686
As at 30 June 2021	543	3	19,092	19,638

Reserves at 30 June 2020

Group	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2019	543	3	39,912	40,458
Surplus for the year	-	-	408	408
Other recognised losses	-	-	(1,571)	(1,571)
Redemption of cellular shares	-	-	(11)	(11)
As at 30 June 2020	543	3	38,738	39,284

Company	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2019	543	3	21,648	22,194
Loss for the year	-	-	(287)	(287)
Other recognised losses	-	-	(1,571)	(1,571)
As at 30 June 2020	543	3	19,790	20,336

ABTA Limited is a company limited by guarantee and not having share capital. Each Member of ABTA Limited has undertaken to contribute an amount not exceeding £10 to the assets of ABTA Limited 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 2021 ABTA Limited had 928 Members (2020: 1,055) and therefore no Member or group of Members is considered to control the company.

The notes on pages 21 to 39 form part of these financial statements.

ABTA Limited

Financial Statements for the year ended 30 June 2021

**Group and company cash flow statement
for the year ended 30 June 2021**

	Group		Company	
	2021	Restated 2020	2021	2020
	£000s	£000s	£000s	£000s
Cash flows from operating activities				
Operating (deficit) / surplus for the financial year	(17,183)	201	(3,332)	(105)
Adjustments for:				
Depreciation and amortisation	252	229	227	221
Pension movements	71	69	71	69
Pension contributions paid	-	(524)	-	(524)
Non-cash movements	-	3	-	-
Revaluation of investment property	350	-	350	-
Loss on disposal of tangible fixed assets	6	-	6	-
(Increase)/decrease in debtors	(10)	(78)	15	(10)
Increase/(decrease) in creditors	722	(954)	264	(127)
Increase in loss provision	803	412	-	-
Corporation tax paid	(119)	(133)	(119)	(133)
Cash flows used in operating activities	(15,108)	(775)	(2,518)	(609)
Cash flows from investing activities				
Dividend received		-	124	-
Purchase of tangible fixed assets	(119)	(137)	(119)	(137)
Proceeds of sale of tangible fixed assets	2	-	2	-
Purchase of intangible fixed assets	(100)	(76)	(75)	(17)
Purchase of fixed asset investments	(97)	-	-	-
Interest received	1,158	469	79	84
Cash flows from / (used in) investing activities	844	256	11	(70)
Cash flows from financing activities				
Issue of cellular shares	-	-	-	550
Cash flows from financing activities	-	-	-	550
Net (decrease) / increase in cash and cash equivalents	(14,264)	(519)	(2,507)	(129)
Cash and cash equivalents at beginning of year	26,533	27,052	3,670	3,799
Cash and cash equivalents at the end of year	12,269	26,533	1,163	3,670
Represented by:				
Current asset investments	8,923	20,856	722	2,569
Cash at bank and in hand	3,346	5,677	441	1,101
Cash and cash equivalents at the end of year	12,269	26,533	1,163	3,670

The notes on pages 21 to 39 form part of these financial statements.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements

1 Accounting policies

a) Accounting convention

ABTA Limited is a private company limited by guarantee, incorporated and registered in England (registration number 551311). The registered address is 30 Park Street, London, SE1 9EQ. The registered address of the subsidiary ABTA Insurance PCC Limited is Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ. All other subsidiaries share ABTA Limited's registered address. These financial statements are presented in pounds sterling (GBP), as that is the currency in which the majority of the group's transactions are denominated and are the financial statements of the group for the year ended 30 June 2021 rounded to the nearest thousand pounds.

The financial statements have been prepared under the historical cost convention, with exception of the revaluation of the investment property and certain investments, and in accordance with Financial Reporting Standard 102 ('FRS 102'), Financial Reporting Standard 103 – 'Insurance Contracts' ('FRS 103') and the Companies Act 2006.

The cash position is monitored on a monthly basis by looking at the cash-flow forecast for the next twelve months, broken down by month. It has been stress-tested to reflect a number of scenarios regarding the Covid pandemic and its impact on Members and the wider economy. This modelling has identified that sufficient cash is available in the period under review and the Directors are satisfied that sufficient working capital is available. Additional work has been undertaken to assess the adequacy of Member bonds and financial protection arrangements in light of the Covid crisis; additional information has been collected to assess the value of Member customer monies held, and how that may have changed in the current crisis. Bonding and financial protection requirements have been adjusted accordingly in light of any increased exposure. The cash flow forecasts and Member monitoring combined with an assessment of the future reserves position, form the basis of the Directors' assessment of going concern.

Based on these forecasts, the Directors believe that the going concern basis of accounting remains appropriate for the accounts. The Directors have also considered whether there is any material uncertainty that may cast significant doubt over the use of that basis for a period of at least 12 months from the date of approval of the financial statements. Given that sufficient working capital is available for this period as detailed above, they do not believe that this is the case.

The principal accounting policies, which have been applied consistently throughout both years with the exception of the policy in relation to the consolidation of cells in ABTA Insurance PCC Limited (see item b below), are set out below.

b) Basis of consolidation

These financial statements consolidate the results of ABTA Limited, together with its subsidiaries as detailed in note 9.

ABTA Insurance PCC Limited is registered in Guernsey and is a Protected Cell Company ("PCC") in accordance with the provisions of the Companies (Guernsey) Law 2008 and provides a programme of insurance cover for its parent company, ABTA Limited, and its related subsidiaries.

A PCC is comprised of a core and any number of cells. Where assets are not allocated to a cell, they are deemed to be part of the core. There are currently five cells in the PCC. The Company previously assessed whether it controlled ABTA Insurance PCC Limited as a whole. However, in the current year it has changed its accounting policy and concluded that it should assess each cell separately.

The core of this company is consolidated into these financial statements. The cells are only consolidated when they are controlled, directly or indirectly, by ABTA Limited. In the year to 30 June 2021, ABTA Limited controlled and therefore consolidated the core and three of the five cells.

The cells which have not been consolidated had an aggregate profit after tax for the year of £69,000, total assets of £113,465k and total liabilities of £113,366k.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

b) Basis of consolidation (continued)

The impact of this change in accounting policy on the prior year is as follows:

	2020 as previously stated	Impact of deconsolidation of cell	2020 as restated
	£000s	£000s	£000s
Current asset investments	21,306	(450)	20,856
Cash at bank and in hand	7,548	(1,871)	5,677
Creditors: amounts falling due within one year	(5,024)	2,321	(2,703)
Net impact		-	

c) Income recognition

Subscriptions relate to the membership year from 1 July 2020 to 30 June 2021. All other income is recognised when services are rendered by the group. Amounts received in advance of services rendered are carried forward in creditors as deferred income.

Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, less an allowance for cancellations. Gross premiums written are calculated in accordance with the terms of each insurance agreement and accounted for in the period in which they are due to be received.

Investment income relating to the year comprises interest and dividend income which is recognised on a receivable basis.

d) Insurance claims paid

Claims incurred comprise claims and related expenses paid in the year together with any other adjustments to claims from previous years. Where applicable, deductions are made for other recoveries. Claims paid are calculated in accordance with the terms of each insurance contract and are recognised as an expense when due for payment to the insured. The amount of claims paid attributed to reinsurers is accounted for in the same period as the related claims.

e) Investment property

In accordance with FRS 102 the group's investment property is included in the balance sheet at market value. This is the value achieved by the sale of the property following competitive bids in October 2021. Depreciation is not provided in respect of the freehold investment property.

f) Intangible fixed assets

Significant expenditure on computer software is capitalised as an intangible asset and stated at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful economic life of the software of 3 years and charged to administration expenses. Amortisation is only charged once the software has been brought into use.

g) Tangible fixed assets

Other tangible fixed assets are carried at cost and depreciation is provided to write down the cost over their expected useful economic lives as follows:

Leasehold improvements - Over the life of the lease of 10 years

Furniture and office equipment - 10% to 33.33% of cost per annum

Depreciation is charged from the month following acquisition.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

h) Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like other debtors and creditors.

Debt instruments that are payable or receivable within one year, typically other creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised within the operating surplus or loss. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The fixed asset investment relates to the AIPCC's investment in Lime Street Insurance PCC Limited which is held at fair value. Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in operating surplus or loss. The cellular shares held in ABTA Insurance PCC Limited are held at cost. Cellular shares held by third parties are recognised in creditors as the holders are entitled to a repayment of a sum to the nominal amount paid thereon out of the relevant cell.

i) Current asset investments

Current asset investments are investments in money market instruments held on fixed terms with a fixed rates of return and are carried at fair value.

j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current asset investments and balances with banks. Where applicable, cash and cash equivalents are revalued based on the relevant exchange rates at the reporting date.

k) Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

l) Pension scheme

ABTA operates two types of pension schemes. The first is a defined benefit pension scheme providing benefits based on final pensionable pay which, since 28 February 2011, has been closed to future benefit accrual. In respect of the defined benefit pension scheme, contributions are paid to the scheme in accordance with the recommendations of the scheme actuary.

The scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. There are no current service costs or past service costs but gains and losses on settlements and curtailments, interest income and assets and the interest cost on the pension scheme liability are charged to operating surplus. Actuarial gains and losses are taken to other comprehensive income.

As detailed in note 16, 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.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

l) Pension scheme (continued)

ABTA also contributes to individual employees' stakeholder pension plans. The contributions to stakeholder pension plans are charged to operating surplus as they become payable. ABTA Limited has no further obligations in respect of the stakeholder pension plan.

m) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating surplus.

o) Operating Leases

Annual rentals are charged to operating surplus on a straight line basis over the lease term.

Rental income from the operating lease on the investment property is recognised on a straight line basis over the period of the lease.

p) Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities and disclosure of contingent assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Revaluation of investment property

ABTA carries its investment property at fair value, with changes in fair value being recognised in operating surplus. As detailed in Note 21, ABTA sold the freehold interest in its investment property in October 2021. The value of the investment property at 30 June 2021 is determined by reference to the price the property was sold at.

Loss provision on insurance activities

Provision is made at the reporting date for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not reported ('IBNR') to the group. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of recoveries. Provisions are determined by management based on experience of claims settled and on the advice of expert loss adjusters where appropriate. The group takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Provisions are calculated gross of any reinsurance recoveries; reinsurance recoveries are accounted for in the same period as the related claim. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where more information about the claim event is generally available.

Pension and post-employment benefits

The cost of defined benefit pension is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 16.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

2 Turnover analysis

	2021 £000s	2021 £000s	2021 £000s	2020 £000s
	Trade association activities	Insurance activities	Total	Total
Turnover				
Subscriptions	3,254	-	3,254	6,811
Outsourcing and miscellaneous Member fees	64	-	64	100
Travelife	394	-	394	880
Events and Convention	339	-	339	1,169
Other commercial activities	84	-	84	93
Other	304	2,126	2,430	2,159
Total turnover	4,439	2,126	6,565	11,212

3 (Deficit) / Surplus before taxation

	2021 £000s	2020 £000s
<i>Is stated after charging/(receiving):</i>		
Depreciation of tangible fixed assets and amortisation of intangible fixed assets	252	229
Operating lease rentals of property	442	422
Loss on disposal of fixed assets	6	-
Foreign exchange loss	5	17
Investment income	(1,158)	(469)
Auditor's remuneration:		
for audit	65	65
for tax compliance	13	12
for pension scheme audit	9	9
for other services	4	2

4 Salaries and staff costs

	2021 £000s	2020 £000s
Wages and salaries – including directors	5,033	5,275
Social security costs	576	596
Employer's pension contribution - Defined contributions	440	436
Other staff related costs	161	287
Total salary and staff costs	6,210	6,594

The average weekly number of employees are as follows:

	2021	2020
	No.	No.
Number of employees	98	101

During the year total remuneration in relation to key management personnel totalled £1,362k (2020: £1,306k).

ABTA Limited**Financial Statements for the year ended 30 June 2021****Notes to the financial statements (continued)****5 Directors' remuneration included in staff costs above**

	2021	2020
	£000s	£000s
Highest paid director		
Gross salary and benefits	289	295
Director pension contributions	26	26
Total directors' remuneration		
Directors' gross salary	282	291
Directors' pension contribution	26	26
Directors' benefits	7	4
Directors' fees	103	101
Total directors' remuneration	418	422
	2021	2020
	No.	No.
The number of directors accruing benefits under money purchase pension schemes	1	1

6 Taxation

	2021	2020
	£000s	£000s
6a Current tax:		
UK corporation tax on surplus for the year	-	124
Foreign taxation	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	124
Deferred tax:		
Origination and reversal of timing differences	(508)	(2)
Adjustments in respect of prior periods	(1)	(23)
Adjustments in relation to defined benefit pension scheme	(243)	163
Total deferred tax (Note 14a)	(752)	138
Tax on operating surplus	(752)	262

6b Factors affecting the tax charge for the year

The differences are explained below:	2021	2020
	£000s	£000s
(Deficit) / surplus before tax	(16,025)	670
(Deficit) / surplus multiplied by the effective rate of corporation tax in the UK of 19 % (2019 – 19%)	(3,044)	127
Effects of:		
Fixed asset differences	3	2
Expenses not deductible for tax purposes	7	(5)
Group income	-	-
Adjustments in relation to defined benefit pension scheme	-	-
Adjustments to deferred tax not recognised	2,419	11
Foreign tax credits	-	-
Re-measurement of deferred tax for changes in tax rates	(136)	150
Adjustments to tax charge in respect of previous periods	(1)	(23)
Total tax charge for year (note 6(a))	(752)	262

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

7 Intangible fixed assets

Computer Software	Company	Group
	£000s	£000s
Cost:		
At 1 July 2020	1,567	2,007
Additions	75	100
Disposal	-	(377)
At 30 June 2021	1,642	1,730
Depreciation:		
At 1 July 2020	1,480	1,865
Charge for year	73	98
Disposal	-	(377)
At 30 June 2021	1,553	1,586
Net book value:		
At 30 June 2021	89	144
At 30 June 2020	87	142

8 Tangible fixed assets

	Freehold Investment Property At valuation	Leasehold improvements	Furniture and office equipment	Total
Group	£000s	£000s	£000s	£000s
Cost or valuation:				
At 1 July 2020	20,000	351	1,064	21,415
Additions	-	9	110	119
Disposals	-	(7)	(377)	(384)
Revaluation	(350)	-	-	(350)
At 30 June 2021	19,650	353	797	20,800
Depreciation:				
At 1 July 2020	-	347	749	1,096
Charge for year	-	1	153	154
Disposals	-	-	(376)	(376)
At 30 June 2021	-	348	526	874
Net book value:				
At 30 June 2021	19,650	5	271	19,926
At 30 June 2020	20,000	4	315	20,319

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

8 Tangible fixed assets (continued)

Tangible fixed assets	Freehold Investment Property At valuation	Leasehold improvements	Furniture and office equipment	Total
Company	£000s	£000s	£000s	£000s
Cost or valuation:				
At 1 July 2020	20,000	351	1,064	21,415
Additions	-	9	110	119
Disposals	-	(7)	(377)	(384)
Revaluation	(350)	-	-	(350)
At 30 June 2021	19,650	353	797	20,800
Depreciation:				
At 1 July 2020	-	347	749	1,096
Charge for year	-	1	153	154
Disposals	-	-	(376)	(376)
At 30 June 2021	-	348	526	874
Net book value:				
At 30 June 2021	19,650	5	271	19,926
At 30 June 2020	20,000	4	315	20,319

The freehold interest in the property was sold on 13 October 2021 (see note 21). As detailed within Note 1(p), the value of the investment property at 30 June 2021 is determined by reference to the price the property was sold at. The revaluation loss has been recognised in operating deficit. The related deferred tax impact is included within the deferred tax liability at 30 June 2021 (see Note 14a). The associated costs of sale of £242.5k will be recognised at the date of the disposal in the financial year ending 30 June 2022.

9 Fixed Asset Investments

Investment in insurance cell in Lime Street Insurance PCC Limited and in unconsolidated cells in ABTA Insurance PCC Limited

	Group
	£000s
Investment value at 1 July 2020	98
Subscription for cellular shares	100
Foreign exchange adjustment at year end	(3)
Total	195

Investment in subsidiary undertakings

	Company
	£000s
Shares at cost at 1 July 2020	2,205
Disposed in the year	-
Shares at cost at 30 June 2021	2,205

ABTA Limited**Financial Statements for the year ended 30 June 2021****Notes to the financial statements (continued)****9 Fixed Asset Investments (continued)**

The investment in subsidiary undertakings represents the following:

Subsidiary	Principal activity	Country of incorporation	Class and % of shares held	Cost of investment
ABTA Insurance PCC Limited	Primary and shortfall insurance arrangements for ABTA Members	Guernsey	Ordinary 100%	1,560
ABTA Insurance PCC Limited	Primary and shortfall insurance arrangements for ABTA Members	Guernsey	Redeemable 100%	645
Travelife Limited	Promotion of best practice in tourism	United Kingdom	Ordinary 100%	-
ABTASURE Limited	Dormant	United Kingdom	Ordinary 100%	-
Federation of Tour Operators Limited	Dormant	United Kingdom	Sole guarantor	-
International Tourism Services Limited	Dormant	United Kingdom	Sole guarantor	-
Total cost of investments				2,205

10 Debtors: amounts falling due within one year

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
Other debtors	117	592	137	619
Prepayments and accrued income	641	519	686	552
Total	758	1,111	823	1,171

Debtors: amounts arising out of insurance operations

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
Insurance premium receivable	-	-	437	79
Total	-	-	437	79

Debtors: amounts falling due after one year

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
Due from subsidiary undertakings	1,076	738	-	-
Total	1,076	738	-	-

Amounts due from subsidiary undertakings is subject to interest at a rate of 2% above the base rate.

ABTA Limited
Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

11 Investments

	Market Value	Restated
Held by:	2021	Market Value
	£000s	2020
		£000s
ABTA Limited	722	2,569
ABTA Insurance PCC Limited	8,201	18,287
Group	8,923	20,856

These financial instruments comprise term deposits, fixed rate notes and certificates of deposit from financial institutions with varying maturity dates.

12 Creditors: amounts falling due within one year

	Company	Company	Group	Restated
	2021	2020	2021	Group
	£000s	£000s	£000s	2020
				£000s
Other creditors	531	416	536	408
Corporation tax	-	119	-	119
Other taxes and social security	343	173	390	182
Accruals	712	844	859	946
Deferred income	380	269	1,051	1,048
Cellular shares	-	-	500	-
Total	1,966	1,821	3,336	2,703

Cellular shares are a class of share capital of ABTA Insurance PCC Limited which are only entitled to dividends arising from profits or gains of the relevant cell. The holder of cellular shares shall be entitled to repayment of a sum of the nominal amount paid thereon out of the relevant cell. Any surplus in the cell shall be payable pro-rata in proportion to the number of cellular shares in that cell held.

13 Financial assets and liabilities

	Company	Company	Group	Restated
	2021	2020	2021	Group
	£000s	£000s	£000s	2020
				£000s
<i>Financial assets</i>				
Financial assets measured at fair value through profit or loss	2,927	4,774	9,018	20,954
Financial assets measured at amortised cost	1,828	2,528	4,255	6,480
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost	1,244	1,260	3,112	1,768

Financial assets measured at fair value through profit or loss comprise fixed and current investments. Financial assets at amortised cost comprise cash and cash equivalents, other debtors, accrued income and amounts due from subsidiaries. Financial liabilities measured at amortised cost comprise other creditors, accruals and cellular shares held by other companies.

ABTA Limited
Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

13 Financial assets and liabilities (continued)

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
<i>Interest income</i>				
Total interest income for financial assets at amortised cost	19	19	100	214
<i>Fair value gains</i>				
On financial assets measured at fair value through profit or loss	60	84	1,058	255

14 Provisions for liabilities

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
14a Deferred taxation				
At 1 July	1,211	1,438	1,179	1,410
(Credited)/charged to Profit & Loss (Note 6a)	(745)	142	(752)	138
Charged to Other Comprehensive Income	396	(369)	396	(369)
Balance at 30 June	862	1,211	823	1,179

The provision for deferred taxation has been calculated based on a composite corporation tax rate of 25% (2020: 19%).

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
Analysis of deferred taxation				
Fixed asset timing differences	186	153	186	153
Other short term timing differences	(704)	(915)	(704)	(915)
Capital gains	2,197	2,276	2,197	2,276
Losses	(817)	(303)	(856)	(335)
Balance at 30 June	862	1,211	823	1,179

14b Loss provision on insurance activities

	Company 2021 £000s	Company 2020 £000s	Group 2021 £000s	Group 2020 £000s
Outstanding loss reserve	-	-	1,213	400
IBNR reserve	-	-	4	14
Balance at 30 June	-	-	1,217	414

In the opinion of the directors, the loss provision, which should be recognised in the financial statements, amounts to £1,217k as at June 2021 (2020: £414k). The provision represents the directors' best estimate of the future potential liabilities of the group in respect of claims. These claims are subject to inherent uncertainties and the ultimate cost of the claims may differ.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

14b Loss provision on insurance activities (continued)

The table below presents the cumulative claims and payments for each open policy year. The table reconciles the total liability recognised in the balance sheet. As there is no reinsurance, no net position has been separately disclosed.

	2016 £000s	2017 £000s	2018 £000s	2019 £000s	2020 £000s	2021 £000s	Total £'000
At 12 month stage	125	215	102	52	479	14,892	
At 24 months	72	220	-	50	462	-	
At 36 Months	-	-	-	-	-	-	
At 48 Months	-	-	-	-	-	-	
At 60 months	-	-	-	-	-	-	
Paid to date	(72)	(220)	(102)	(50)	(387)	(13,750)	
Outstanding at 30 June 2021	-	-	-	-	75	1,142	1,217

Improvement/ (deterioration) from
12 month stage

53	(5)	-	2	17
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In order for a claim to be considered by ABTA, potential claimants are required to notify ABTA of a claim within six months of any failure, which allows ABTA significant forward visibility of the value of potential claims. The exposure to ABTA is first dealt with utilising the bond(s) from each Member. The insurance exposure only arises where claims exceed the value of the bond(s) held by ABTA. ABTA is the sole loss payee under the AIPCC policy. This assists the AIPCC in managing its insurance exposure, the value of which will be finalised within one year of a failure.

Financial Risk Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities in respect of its insurance business. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The components of this financial risk are market risk (including interest rate risk, other price risk and currency risk), credit risk and liquidity risk. The risk management policies employed by ABTA Insurance PCC (AIPCC) in relation to the insurance business are as follows:

i. Market risk

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of differences in market interest rates. Interest rate risk is managed by investment guidelines set of by the Group and by Guernsey regulatory requirements in relation to the insurance business. The AIPCC's financial instruments exposed to interest rate risk at the year end were cash and cash equivalents.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates at the reporting date. An increase/decrease of 25 basis points in interest yields would result in an increase/decrease in profit for the year of £8k (2020: £16k) on cash and cash equivalents at the year end assuming all other assumptions remain unchanged. These values indicate little sensitivity and therefore present little risk to the Group.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

14b Loss provision on insurance activities (continued)

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in a market. All investments present a risk of loss of capital.

The AIPCC has a defined investment policy which sets limits on the company's exposure both in aggregate terms and by counterparty.

If current market indices had increased/decreased by 5%, with all other variables held constant, and all the AIPCC's investments moved according to the historical correlation with the index, the profit and equity for the year would increase/decrease by £446k (2020: £1,043k).

Currency risk

The AIPCC manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The AIPCC is primarily exposed to currency risk in respect of its investment in Lime Street Insurance PCC Limited – ABTA Cell. The only foreign currency to which the company is exposed is Euro. As such, the directors believe that the risk associated with this currency is immaterial and do not consider the Company to be exposed to material currency risk.

ii. Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when due. Key areas where the AIPCC is exposed to credit risk are:

- Cash and cash equivalents;
- Amounts due from insurance intermediaries;
- Current asset investments.

The company manages the levels of credit risk it accepts by monitoring its exposure to a single counterparty, or groups of counterparty, and by investing in counterparties that have a high rating. Such risks are subject to regular review by the Board. Limits on the level of credit risk by category and territory are approved at each AIPCC Board meeting.

The assets of the ABTA Group bearing credit risk are summarised below, together with an analysis by credit rating by Standard & Poors:

	2021	As restated 2020
	£000s	£000s
Investments – current	8,923	20,856
Investments – non-current	195	98
Debtors arising out of insurance operations	437	79
Sundry receivables and accrued interest	823	1,171
Cash and cash equivalents	3,346	5,677
Group	13,724	27,881

ABTA Limited**Financial Statements for the year ended 30 June 2021****Notes to the financial statements (continued)****14b Loss provision on insurance activities (continued)**

	2021	As restated 2020
	£000s	£000s
AA or A	8,923	20,856
Unrated	4,801	7,025
Group	13,724	27,881

The directors of the AIPCC review the performance of the unrated investments regularly to provide comfort over the recoverability. No credit limits were exceeded during the period. No financial assets are materially past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

iii. Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the AIPCC is the obligation to pay claims to policy holders as they fall due. As at the balance sheet date, the group had financial assets of £13,273k (2020: £27,434k), £13,078k of which are current assets (2020: £27,336k) and £195k of which are non-current assets (2020: £98k). The financial liabilities are £3,112k at the year end (2020: £1,768k), which comprises current liabilities and the loss provision on insurance activities, creating a liquidity buffer of £10,161k (2020: £25,666k).

Capital management

The AIPCC's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for the stakeholders and to maintain an optimal capital structure. The directors of the AIPCC consider the capital of the company to be limited to the issued share capital being £127,558k (2020: £15,621k). The company is obliged to maintain capital requirements in line with the Insurance Business (Solvency) Rules 2015 and the Companies (Guernsey) Law 2008. The company was not in breach of these obligations in the year.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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 assets or liability.

2021	Level 1	Level 2	Level 3	Total
	£000s	£000s	£000s	£000s
Investments – current	8,923	-	-	8,923
Investments – non-current	-	-	195	195
2020	Level 1	Level 2	Level 3	Total
	£000s	£000s	£000s	£000s
Investments – current	20,856	-	-	20,856
Investments – non-current	-	-	98	98

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

14b Loss provision on insurance activities (continued)

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date as described in the accounting policies note. These instruments are included in Level 1.

The non-current investment is the investment in Limestreet Insurance PCC Limited (note 9) and is included in level 3. The fair value is determined using the net asset value of the Company. There has been no movement between levels during the year.

15 Reserves

a) Retail and Principal's Fund

These funds were established under ABTA's Articles and are restricted in their use. Claims payable on failures represent discretionary amounts agreed by the Retail Fund Committee in respect of Member failures which fall outside of ABTA's scheme of financial protection. In September 2015, the monies from the fund were invested in the Retail Contingent Fund cell in ABTA Insurance PCC limited (AIPCC). An insurance policy was written with the AIPCC to deal with any claims relating to the fund. In the year to 30 June 2021 claims paid were £0.5k (2020: £nil).

b) Accumulated Fund

The accumulated fund records the retained earnings of the group, less any accumulated losses.

16 Net pension liabilities

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 and was closed to future accrual on 28 February 2011.

Contributions

In the year ended 30 June 2021, ABTA made contributions of £nil (2020: £524k) towards the deficit.

Actuarial valuation at 1 July 2018

The latest actuarial valuation of the scheme, carried out by the scheme's independent professionally qualified actuary, was at 1 July 2018 and was carried out using the scheme's technical provisions as required by the Pensions Act 2004.

At that date, based on the assumptions underlying the calculation of the scheme's technical provisions, assets were sufficient to cover 96% of the scheme's liabilities leaving a deficit of £823k. A summary of the method assumptions used by the scheme's qualified actuary were as follows:

- a) The discount rate to be applied to the scheme liabilities is 4.4% before retirement and 2.8% after retirement.
- b) Salary growth is 3.9%.
- c) Pension increases on pre-1 July 2003 service are 5% and 3.3% on post-1 July 2003 service.
- d) The future benefit accrual has been determined using the Projected Unit Method.

ABTA Limited

Financial Statements for the year ended 30 June 2021

Notes to the financial statements (continued)

16 Net pension liabilities (continued)

Valuation assumptions

ABTA's appointed actuary, for the purposes of carrying out the valuation at 30 June 2021 in accordance with Financial Reporting Standard 102, section 28, adopted the following major assumptions:

	30 June 2021	30 June 2020
Rate of increase in salaries	2.5% pa	3.4% pa
Rate of increase in pensions in payment	3.4% - 5.0% pa	2.9% - 5.0% pa
Rate used to discount scheme liabilities	1.9% pa	1.5% pa
Inflation assumption	3.5% pa	2.9% pa
Base mortality table	S3PMA/S3PFA	S3PMA/S3PFA
Mortality projection basis	CMI (2020) projection model with a long term rate of 1% pa	CMI (2019) projection model with a long term rate of 1% pa

Major categories of plan assets as a percentage of total scheme assets	30 June 2021	30 June 2020
UK & overseas equity funds	20%	26%
Fixed Interest funds	26%	13%
Absolute Return fund	8%	7%
Liability Driven Investment funds	20%	24%
Property / Infrastructure funds	9%	7%
Multi-Asset Funds	5%	6%
Alternatives	1%	2%
Cash	1%	5%
Pending trades	2%	1%
Annuity policies	8%	9%

Balance Sheet	30 June 2021	30 June 2020
	£000s	£000s
Fair value of scheme assets	29,011	28,674
Defined benefit obligation (DBO)	(31,762)	(33,436)
Deficit	(2,751)	(4,762)
Funding level	91%	86%

Analysis of the amount charged to net pension financing costs	30 June 2021	30 June 2020
	£000s	£000s
Interest income on pension scheme assets	(426)	(592)
Interest on pension scheme liabilities	497	661
Total pension financing cost	71	69
Total charge to operating surplus	71	69

Analysis of the amount recognised in the other comprehensive income	30 June 2021	30 June 2020
	£000s	£000s
Actuarial experience gains on pension scheme assets	480	2,410
Experience gains arising on the scheme liabilities	352	223
Changes in assumptions underlying the present value of the same liabilities	1,250	(4,573)
Actuarial loss recognised in other comprehensive income	2,082	(1,940)

ABTA Limited
Financial Statements for the year ended 30 June 2021
Notes to the financial statements (continued)
16 Net pension liabilities (continued)

Analysis of changes in the present value of defined benefit obligation (DBO)	30 June 2021	30 June 2020
	£000s	£000s
Opening defined benefit obligation	33,436	29,042
Interest cost	497	661
Actuarial experience gains	(352)	(223)
Change in actuarial assumptions	(1,250)	4,573
Benefits paid	(569)	(617)
Closing defined benefit obligation	31,762	33,436

Analysis of changes in the fair value of assets	30 June 2021	30 June 2020
	£000s	£000s
Opening fair value of assets	28,674	25,765
Interest income	426	592
Employer's contribution	0	524
Actuarial experience gains	480	2,410
Benefits paid	(569)	(617)
Closing fair value of assets	29,011	28,674

Amounts for the current & previous four periods					
	2021	2020	2019	2018	2017
	£000s	£000s	£000s	£000s	£000s
Fair value of scheme assets	29,011	28,674	25,765	24,926	24,443
Defined benefit obligation	(31,762)	(33,436)	(29,042)	(27,547)	(29,167)
(Shortfall)	(2,751)	(4,762)	(3,277)	(2,621)	(4,724)
Experience adjustment on assets	480	2,410	355	210	1,714
Experience adjustment on DBO	352	223	90	142	142

Projected amount charged to the operating surplus for 2021-22	30 June 2022
	£000s
Interest income on assets	(545)
Interest cost	597
Total charge to operating deficit	52

Projected deficit for year ending 30 June 2022	30 June 2022
	£000s
Opening deficit	(2,751)
Expected charge to operating deficit	(52)
Projected deficit	(2,803)

Sensitivity Analysis

	Change to DBO
Increase/decrease discount rate by 0.5% pa	-9% / +11%
Increase/decrease assumed rate of future inflation by 0.5% pa	+4% / -3%
Increase/decrease assumed life expectancy at age 65 by 1 year	+6% / -5%

ABTA Limited**Financial Statements for the year ended 30 June 2021****Notes to the financial statements (continued)****17 Operating leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

	2021	2021	2020	2020
	Land & Buildings	Other	Land & Buildings	Other
	£000s	£000s	£000s	£000s
Not later than 1 year	442	4	442	4
Within 2 to 5 years	1,767	-	1,767	-
Over 5 years	987	-	1,429	-
Total	3,196	4	3,638	4

Operating leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	2021	2020
	Land & Buildings	Land & Buildings
	£000s	£000s
Not later than 1 year	910	910
Within 2 to 5 years	1,517	2,427
Total	2,427	3,337

The operating lease receivable is in respect of the investment property held by the Group which is leased to a third party for a period of five years commencing 1 March 2019. This lease was transferred to the purchaser of the property on its on sale after the year-end (see note 21).

18 Related Party Transactions

The company has taken advantage of the exemption conferred by FRS 102 s.33.1A from the requirement to make disclosures concerning transactions with fellow ABTA group undertakings.

19 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.

During the financial year ended 30 June 2021, ABTA dealt with claims in respect of ABTA Members as follows:

	2021	2020
	£000s	£000s
Failure of Members conducting dual activities		
- current year failures	233	7,996
- adjustment in relation to prior year failures	22	30
Failure of Members conducting principal activities		
- current year failures	21,309	1,420
- adjustment in relation to prior year failures	64	-
Failure of Members conducting retail activities		
- current year failures	117	811
- adjustment in relation to prior year failures	95	-
Total claims	21,659	10,257

	2021	2020
The number of ABTA members who failed during the year was as follows:		
Failure of Members conducting dual activities	11	2
Failure of Members conducting principal activities	12	6
Failure of Members conducting retail activities	5	4
Total failures	28	12

ABTA Limited

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Notes to the financial statements (continued)

20 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 2021 ABTA was responsible for funds totalling £4,541k (2020: £13,945k). These sums represent funds received from bonds and other financial protection mechanisms to settle consumer and pipeline claims resulting from Member failures.

Single Payment Scheme

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 2021 the balance held in the scheme was £1,279k (2020: £3,692k) and is not reflected in ABTA's balance sheet. This was transferred out in accordance with the scheme in July 2021.

21 Post balance sheet events

A £2m CBIL loan facility with Lloyds was put in place in July 2021, secured on ABTA's investment property. On 13 October 2021, ABTA sold the freehold interest in its investment property for £19.65m, and the CBIL loan was repaid in full. As detailed in Note 8, the sales price has been used as the valuation of the investment property at 30 June 2021 and a revaluation loss has been recognised in the financial statements. The related cost of sale of £242.5k will be included in the results of the year ended 30 June 2022, being the year in which the sale has occurred.

22 Analysis of changes in net debt

Group	At start of year	Cash flows	Non-cash movements	At end of year
Current asset investments	20,856	(11,933)	-	8,923
Cash at bank and in hand	5,677	(2,331)	-	3,346
Cash and cash equivalents	26,533	(14,264)	1,163	12,269

Company	At start of year	Cash flows	Non-cash movements	At end of year
Current asset investments	2,569	(1,847)	-	722
Cash at bank and in hand	1,101	(660)	-	441
Cash and cash equivalents	3,670	(2,507)	-	1,163