

**ABTA Limited**  
**Company number 551311**  
**Consolidated Annual Report and Financial Statements**  
**for the Year Ended 30 June 2019**

# ABTA Limited Financial Statements for the year ended 30 June 2019

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# ABTA Limited Financial Statements for the year ended 30 June 2019

## 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 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 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 2019 there were 12 Board members and two vacancies.

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. In addition, all risks are reviewed twice a year as an integral part of the business planning.

## **ABTA Limited Financial Statements for the year ended 30 June 2019**

### **Corporate governance statement (continued)**

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

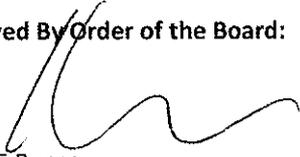
#### **Controls and Procedures**

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

The financial controls and procedures are reviewed regularly by 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

28 November 2019

## **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**

ABTA continues to evolve with the industry, and adapts to the needs of its Members, while staying true to the core purpose and values that have underpinned the success of the Association for many years. Like many other industries, the travel industry has been working hard to continue to trade successfully through a prolonged period of uncertainty brought about by the ongoing debate about the UK's membership of the European Union.

Thomas Cook, one of the travel industry's oldest brands, went into liquidation on 23 September 2019, and the fall-out for former staff, consumers, suppliers and the wider travel industry continues to unfold. The potential impact on ABTA is discussed further in note 21 of the financial statements.

Since the Referendum in 2016, ABTA has focused on three priorities in relation to Brexit: one, ensuring the voices of its Members and the travelling public are heard by the political decision-makers in Westminster and in Europe; two, helping its Members to prepare, whatever the outcome; and, three, ensuring the public – whether for leisure or business travel – feel confident to book travel services. Whatever the political situation, Members want to get on with the business of selling holidays and travel arrangements, and ABTA has made progress with a number of other initiatives during the year, which support them in doing so.

2018/19 was another year of regulatory change and ABTA has been active on Members' behalf on a number of fronts. The revised Package Travel Regulations were finally introduced in July 2018 and the aim in the run up to this date and beyond has been to ensure that Members are armed with all of the most accurate and useful guidance to ensure their businesses are able to adapt.

The volume of fraudulent holiday sickness claims has fallen enormously since 2017, thanks to ABTA's work alongside Members to target this issue and achieve regulatory change.

Trust and the role of the travel expert was a theme for ABTA's 2018 Convention, held in Seville, and ABTA used this theme to guide its 2018/19 Travel with Confidence consumer advertising and social media campaigns, highlighting the benefits of booking with an ABTA-approved travel company.

In a year of so much uncertainty, ABTA was voted the UK's most trusted travel scheme by members of the public, so the trust and assurance that ABTA membership provides feels more important than ever.

## ABTA Limited Financial Statements for the year ended 30 June 2019

The Board of Directors' Risk Management Review Group continued to review ABTA's strategic and operational risks. The Group includes three Board members and also non-Board member industry experts. Key risks identified and their mitigating actions are outlined below:

- **The risk of a travel company failing without adequate financial protection in place.** The new Package Travel Regulations have been in force since 1 July 2018. Since then the majority of ABTA Members have provided financial returns and applications for financial protection based on the new Regulations. Although the underlying risk of inadequate financial protection remains, ABTA has a number of processes in place to mitigate this risk. If a failure was to occur, and ABTA was not able to call sufficient funds from the primary bond or financial failure insurance policy to cover the cost of the failure, claims would be met from the shortfall insurance arrangements that are in place to cover such a risk.
- **The risk that ABTA Members seek alternative suppliers of services provided by ABTA.** In a period of significant political uncertainty coupled with challenging trading conditions, the Group recognises that businesses will review all outgoings, including the costs of ABTA membership, to ensure they are receiving the best value for money. Although Members consistently rate the ABTA service offering as both effective and valuable, a review of the Member value proposition is underway and work to better engage with Members will continue throughout the year. A key outcome will be to ensure that decision makers understand how their business make use of ABTA services and the benefits and value they receive as part of the Membership offer.
- **The risk of loss of skills and expertise from staff turnover, in particular those with specialist travel industry expertise.** To ensure that appropriate visibility and prominence is given to succession planning over the coming years this subject will be one of the key themes of the next five year business planning cycle that begins in July 2020.
- **The risk of accidental or intentional disruption to ABTA's IT systems and unauthorised disclosure of information.** Significant work has been carried out to add control measures to mitigate risks in this area. This work has included further security and penetration testing of ABTA's IT infrastructure, extra security for mobile devices, plus a review of a key third party service providers who process personal data.
- **The risk of litigation, complaints or reputational damage due to non-disclosure of Health & Safety data and reports.** Health & Safety information is made available to all ABTA Members via the operational bulletin service. In addition, a Health and Safety forum discuss and disseminate relevant information, and external legal support is in place to be called upon as and when required.
- **The risk that service levels cannot be maintained as the volumes and expectations of ABTA's customers increase.** ABTA has restructured its Member information provision, invested in training and development of staff along with regular reviews of the recruitment strategy.

The Group has been able to give the Board satisfaction that key risks had been identified and were being actively managed.

### 3. 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 five year strategic framework was set in 2015 to shape the future of the organisation. The framework is underpinned by six strategic objectives:

1. Make ABTA a consistently top performing organisation
2. Enhance value for existing Members and Partners
3. Build the "travel with confidence" brand
4. Commercialise ABTA's expertise as a Centre of Excellence
5. Improve ABTA's operational efficiency and user interface
6. Manage ABTA's asset base to secure commercial future

An annual business plan together with financial and non-financial deliverables are set against these objectives. Good progress has been achieved as outlined below. 2019-20 will see ABTA consolidating this progress, with four areas of strategic development featuring strongly; agreeing and implementing a European influencing strategy post Brexit, launching ABTA's refreshed travel insurance offering, continuing to develop Member insights capability to ensure appropriate support and services to Members and developing the 2020-2025 Strategic Plan.

## **ABTA Limited Financial Statements for the year ended 30 June 2019**

Whilst 70 Members left the Association in the year under review 34 new Members joined, bringing the year-end membership number to 1,106 (2018: 1,142), reflecting the continuing consolidation within the industry. The total turnover of ABTA Members (the basis for ABTA's own subscription income) has increased from £38 billion to £39 billion. ABTA remains by far the most recognised travel industry trade body among UK consumers, with a 83% (from 74% in 2018) public recognition factor (Arkenford Consumer Survey, March 2019).

ABTA's overall financial position remains healthy. An overall group surplus after taxation of £2,987k (2018: £354k) was made, of which a gain of £2,291k related to Trade Association activity and a profit of £696k to Insurance activities. The Trade Association surplus generated this year was as a result of the revaluation of the investment property of £2,938k. It is also important to note that insurance is by its very nature cyclical. The group surplus together with the effect of the actuarial loss on the pension scheme of £926k (2018: £1,410k) net of tax, overall increased ABTA's group net assets by £2,061k (2018: £1,764k) to £40,458k (2018: £38,397k).

### **Industry Support**

In the past year the travel industry has adapted to significant regulatory change, while also preparing for Brexit and responding to emerging events. ABTA has been supporting Members throughout with guidance and advice, as well as timely and accurate information for customers and the media.

### **Business support and guidance**

The new Package Travel Regulations (PTRs), introduced on 1 July 2018, brought a number of significant changes to the UK travel industry. ABTA supported Members to understand what the new Regulations meant for their businesses through a series of guidance notes, conference calls, free to attend regional meetings and in-depth events, as well as the Members' Information line. ABTA also published information for the public on [abta.com](http://abta.com) and briefed the national media to help them understand the new Regulations.

The General Data Protection Regulations (GDPR) were introduced in May 2018, ABTA continued to help Members throughout the year to be compliant by providing guidance, as well as specific advice on consent and marketing.

ABTA has also been supporting Members to prepare for Brexit, recognising that the prolonged uncertainty means businesses need to plan for every eventuality. ABTA's contingency planning guidance was first published in September 2018 and has been regularly updated since. ABTA has also been relaying the very latest developments from Government to Members throughout the year.

ABTA also issued new guidance on VAT to help Members prepare for the Government's new requirement of reporting tax returns digitally.

ABTA experts have offered advice and insight to Members, dealing with around 10,000 inbound calls, nearly 3,000 outbound calls and over 2,000 emails.

The PTRs, GDPR, Brexit and VAT have been among the key topics covered in ABTA's Autumn and Spring rounds of free-to-attend Regional Business Meetings.

ABTA's wider Conferences and Events programme, which includes paid-for and free-to-attend delegate places has attracted 3,100 delegates during the year on a range of topics as diverse as Solo Travel, Travel Finance, Managing Customer Complaints and Brexit.

### **Crisis management**

ABTA Members rank the operational and communications support that ABTA provides during a crisis among the most important of services in its annual Member Survey. This year ABTA has provided crisis support to Members on a range of issues affecting destinations around the world including hurricanes in the US, Caribbean and Asia, wildfires in Europe and earthquakes in Bali. There have been a number of airline failures including Primera Air, Cobalt Air and Fly BMI, along with the drone sightings at Gatwick airport and the grounding of Boeing 737 Max aeroplanes, all creating travel disruption and uncertainty.

## **ABTA Limited Financial Statements for the year ended 30 June 2019**

ABTA keeps Members informed 24/7 of these emerging events across the globe through operational bulletins. In the last twelve months, ABTA has produced and circulated 1,170 Operational Bulletins featuring more than 1,528 events, incidents, health and safety updates and changes to the FCO travel advice. ABTA has 2,006 subscribers to the operational bulletin service and this equates to 2,347,020 individual emails.

ABTA has been a leading voice in the national and local media on incidents, providing timely advice and reassurance to the travelling public through over 1,000 broadcast interviews, and through press statements and advice on [abta.com](http://abta.com).

### **Sustainability**

Sustainability is becoming a mainstream consideration for both travel companies and holidaymakers. ABTA has advice to help Members develop a sustainability strategy, including new guidance, released in January 2019, to help Members establish an approach to dealing with plastics. ABTA also published new guidance in October 2018 on modern slavery, accompanied by an e-training course.

### **Travel with Confidence**

ABTA's 2018-19 nationwide "Travel with confidence" advertising campaign began on Christmas Day 2018, with a national radio advertising campaign targeting different audiences, encouraging them to book their holidays and travel arrangements with an ABTA Member. Families were targeted through Heart DAB, younger people on Capital DAB and the over-55s on Classic DAB. The radio adverts reached more than six million listeners and supported a record number of visitors in a single month to [abta.com](http://abta.com).

The second part of the campaign featured digital advertising on YouTube and targeted online advertising (reaching younger people, families and business travellers) through to February 2019. ABTA ran a new 60-second "Trusted Travel Expert" animated video, explaining how booking with a travel professional rather than independently can take the hassle out of booking a holiday. Members got behind the campaign by promoting the video on their own social channels. More than 620,000 people watched the video in its entirety and the online advertising campaign delivered 3.8 million impressions across the three target audiences.

In early 2019, ABTA was voted a "Business Superbrand" for the thirteenth consecutive year and a "Consumer Superbrand" for the third year in a row and independent consumer research conducted on behalf of ABTA shows that ABTA is the UK's most trusted travel scheme, and 75% of people feel more confident booking with an ABTA Member. These are the clearest possible endorsements for the enduring strength of the ABTA brand as a badge of quality and assurance for the travelling public who remain very confident in ABTA and its values as an organisation.

### **Consumer confidence through Brexit**

To help provide reassurances to the UK public and to support Members in providing information to their customers, ABTA created a Brexit advice page for the travelling public on [abta.com](http://abta.com) in autumn 2018. ABTA ran campaigns in December and March on Facebook, the first reaching just under two million people, the second reaching 1.3 million people. ABTA also ran a national radio advertising in mid-March 2019 on Heart and Classic, reaching 2.8 million listeners. As at end of March 2019, ABTA's Brexit advice page had attracted over 250,000 views and was leading Google's ranking by search for "Brexit travel advice".

### **Customer support**

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. ABTA's Customer Support team received 21,052 calls and dealt with 13,740 individual cases over the last year. There were 689 customer arbitration awards made during the year.

### **Voice of the Industry**

With Brexit dominating the political agenda and a stream of new regulation in 2018, ABTA's voice as an industry advocate has been essential in ensuring that the priorities of the UK travel industry are heard and understood.

## ABTA Limited Financial Statements for the year ended 30 June 2019

### **Brexit**

Since 2016, ABTA has worked closely with the UK Government, officials in Brussels and destination governments to identify the main priorities for the UK travel industry, and put in place the necessary arrangements to ensure the future success of the industry. ABTA has given Members the opportunity to hear directly from decision makers and officials: as well as ABTA's flagship policy event, Travel Matters, it ran roundtable events with Robin Walker MP, a Brexit Minister, and the Department for Transport, as well as holding a larger Member event in January involving senior Government officials. In addition, ABTA provided Members with detailed, and regularly updated, guidance to assist with business planning.

ABTA's priority in its media work has been to maintain consumer confidence by providing accurate and timely advice in a very volatile media environment. ABTA's advice and insight has featured in 344 media items, including 119 broadcast interviews.

### **Promoting the value of outbound travel**

In January 2019, ABTA published its latest report on the value of outbound travel. The report, entitled 'Driving Growth – The economic value of outbound travel', highlights the £37.1 billion in economic activity generated by outbound travel each year, equivalent to 1.8% of GDP, and promotes the industry's role as a major employer, supporting 526,000 jobs across the UK. The analysis also finds total expenditure within the UK by residents engaged in outbound travel reached £45.7 billion in 2017. ABTA is using this compelling evidence to make the case to government for a policy and tax framework that meets the needs of the industry, and that lays the foundations for sustained success.

### **Airline Insolvency**

Over the last 12 months there have been further airline failures, once again exposing the need to review consumer protection arrangements when an airline goes out of business. ABTA has sought the views of Members and contributed to the Independent Review into Airline Insolvency.

### **Air Passenger Duty**

The "Fair tax on flying campaign", of which ABTA is a founding member, set up a new All Party Parliamentary Group to increase pressure on the UK Government to deliver further reforms and reductions to the UK's Air Passenger Duty. The campaign, and its parliamentary supporters, continue to make the case for a level playing field with European counterparts, to boost tourism and trade.

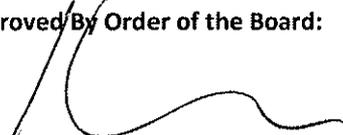
### **ATOL & Package Travel**

ABTA has engaged regularly with BEIS and the CAA to ensure effective implementation of the new Regulations. Following concerns raised by ABTA about the regulatory burden for business, the CAA delayed changes to ATOL Standard Terms until 1 April 2019, helping Members to have more time to accommodate the new changes required by the new Package Travel Regulations.

### **Other policy matters**

ABTA has represented the interests of Members across a range of other regulatory issues, including continuing to fight false holiday sickness claims, working to support the delivery of new aviation capacity, and inputting to the Review into credit and debit card charges.

**Approved By Order of the Board:**



Simon E Bunce  
Secretary  
30 Park Street  
London SE1 9EQ

28 November 2019

# ABTA Limited Financial Statements for the year ended 30 June 2019

## Directors' Report

The board of directors submits its Strategic Report, Directors' Report and the Financial Statements for the year ended 30 June 2019.

### 1. Directors

The names of the members of the board of directors during the year ended 30 June 2019 were:

Noel Josephides (Chairman to 26 June 2019)  
Alistair Rowland (elected Chairman – 26 June 2019)  
Mark Tanzer (Chief Executive)

#### Elected by the membership:

Derek Jones  
Jamie Gardiner  
Daniele Broccoli  
Adam Murray (elected 25 July 2019)

#### Appointed Member representatives:

Richard Downs (appointment term ended – 26 June 2019)  
Kathryn Darbandi (resigned 23 September 2019)  
Stuart Leven  
Richard Sofer (appointed 1 November 2018)  
John Bevan (appointed 1 November 2018)

#### Non-members:

Amanda Campbell  
Katrina Machin (resigned 31 March 2019)  
Rt Hon Baroness Stowell of Beeston

ABTA provided 3rd party indemnity insurance for all the directors throughout the year ended 30 June 2019.

### 2. Going Concern

No material uncertainties that may cast significant doubt about the ability of the ABTA group of companies to continue as a going concern have been identified by the directors.

### 3. Charitable donations

Charitable donations totalling £28,814 were paid during the year ended 30 June 2019. Included in the charitable donations was £25,850 to ABTA Lifeline, ABTA's charitable trust for those in the travel industry who have fallen upon hard times.

### 4. Auditor

On 1 February 2019, Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors appointed BDO LLP as auditor in their place. BDO has indicated its willingness to continue in office.

### 5. Strategic report

The directors have prepared a separate Strategic Report incorporating the business review, risks and uncertainties. This is set out on pages 3-7.

### 6. Statement of disclosure of information to auditors

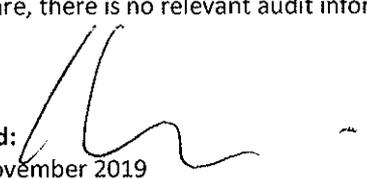
Each person who was a director at the date that this report was approved has taken all steps that they ought to have taken as directors in order to:

- 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, 28 November 2019



30 Park Street, London, SE1 9EQ

**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 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 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 Financial Statements for the year ended 30 June 2019

## Independent Auditor's Report to the Members of ABTA Limited

### Opinion

We have audited the financial statements of ABTA Limited (the "parent company") and its subsidiaries (the "group") for the year ended 30 June 2019 which comprise the Group Statement of Comprehensive Income, Group and Company Balance Sheet, Group and Company Statement of Changes in Equity and Group and Company Cash Flow Statement and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2019 and of the group's and the parent company's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 are independent of the group 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

## **ABTA Limited Financial Statements for the year ended 30 June 2019**

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the 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 where 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 set out on page 9, 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.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dominic Stammers, Senior Statutory Auditor  
For and on behalf of BDO LLP, Statutory Auditor  
Registered Auditor and Chartered Accountants

55 Baker Street  
London  
W1U 7EU

Date: 12 December 2019

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 2019**

**Group Statement of Comprehensive Income  
for the year ended 30 June 2019**

	Notes	2019 £000s Trade association activities	2019 £000s Insurance activities	2019 £000s Total	2018 £000s Total
Turnover	2	8,882	1,409	<b>10,291</b>	9,659
Insurance claims, net of recoveries		-	(38)	<b>(38)</b>	(67)
<b>Gross surplus</b>		<b>8,882</b>	<b>1,371</b>	<b>10,253</b>	<b>9,592</b>
Administration expenses		(9,724)	(872)	<b>(10,596)</b>	(9,946)
Other operating income – rental income		714	-	<b>714</b>	604
Gains on revaluation of investment property	8	2,938	-	<b>2,938</b>	
<b>Operating surplus / (deficit) before investment income and tax</b>		<b>2,810</b>	<b>499</b>	<b>3,309</b>	<b>250</b>
Investment income		68	197	<b>265</b>	163
<b>Surplus before taxation</b>	3	<b>2,878</b>	<b>696</b>	<b>3,574</b>	<b>413</b>
Taxation	6	(587)	-	<b>(587)</b>	(59)
<b>Surplus for the year after taxation</b>		<b>2,291</b>	<b>696</b>	<b>2,987</b>	<b>354</b>
<b>Other comprehensive income</b>					
<b>Surplus for the year</b>		<b>2,291</b>	<b>696</b>	<b>2,987</b>	<b>354</b>
Actuarial (loss)/gain on defined benefit pension scheme	16	(1,116)	-	<b>(1,116)</b>	1,699
Movement in related deferred tax asset		190	-	<b>190</b>	(289)
<b>Total comprehensive income for the year</b>		<b>1,365</b>	<b>696</b>	<b>2,061</b>	<b>1,764</b>

All activities relate to continuing activities.

The notes on pages 18 to 34 form part of these financial statements.

ABTA Limited Financial Statements for the year ended 30 June 2019

Group balance sheet  
at 30 June 2019

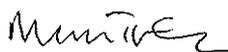
	Notes	Trade association activities £000s	Insurance activities £000s	2019 £000s	2018 £000s
<b>Fixed assets</b>					
Intangible fixed assets	7	184	-	184	212
Tangible fixed assets	8	20,293	-	20,293	17,268
Investments	9	-	101	101	102
		<b>20,477</b>	<b>101</b>	<b>20,578</b>	<b>17,582</b>
<b>Current assets</b>					
Debtors amounts falling due within one year	10	1,028	67	1,095	1,068
Debtors arising out of insurance operations	10	-	77	77	94
Investments	11	2,999	20,162	23,161	26,373
Cash at bank and in hand		1,008	2,883	3,891	1,752
		<b>5,035</b>	<b>23,189</b>	<b>28,224</b>	<b>29,287</b>
Creditors: amounts falling due within one year	12	(3,442)	(160)	(3,602)	(4,710)
Creditors arising out of direct insurance operations		-	(53)	(53)	(27)
<b>Net current assets</b>		<b>1,593</b>	<b>22,976</b>	<b>24,569</b>	<b>24,550</b>
<b>Total assets less current liabilities</b>		<b>22,070</b>	<b>23,077</b>	<b>45,147</b>	<b>42,132</b>
Creditors: amounts falling due after one year	12	-	-	-	(36)
<b>Provisions for liabilities</b>					
Deferred taxation	14a	(1,410)	-	(1,410)	(1,071)
Loss provision on insurance activities	14b	-	(2)	(2)	(7)
		<b>(1,410)</b>	<b>(2)</b>	<b>(1,412)</b>	<b>(1,114)</b>
<b>Net assets excluding pension liabilities</b>		<b>20,660</b>	<b>23,075</b>	<b>43,735</b>	<b>41,018</b>
<b>Net pension liabilities</b>	16	<b>(3,277)</b>	<b>-</b>	<b>(3,277)</b>	<b>(2,621)</b>
<b>Net assets including pension liabilities</b>		<b>17,383</b>	<b>23,075</b>	<b>40,458</b>	<b>38,397</b>
<b>Represented by:</b>					
Restricted Retail Fund		543	-	543	543
Restricted Principals' Fund		3	-	3	3
Accumulated Fund		16,837	23,075	39,912	37,851
<b>Total Reserves</b>		<b>17,383</b>	<b>23,075</b>	<b>40,458</b>	<b>38,397</b>

These financial statements were approved by the board of directors and authorised for issue on 28 November 2019.

Signed on behalf of the board of directors by



Alistair Rowland  
Chairman



Mark Tanzer  
Chief Executive

The notes on pages 18 to 34 form part of these financial statements.

Company registration number: 551311

# ABTA Limited Financial Statements for the year ended 30 June 2019

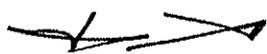
## Company balance sheet at 30 June 2019

	Notes	2019 £000s	2018 £000s
<b>Fixed assets</b>			
Intangible fixed assets	7	180	212
Tangible fixed assets	8	20,293	17,268
Investments	9	2,755	2,104
		<b>23,228</b>	<b>19,584</b>
<b>Current assets</b>			
Debtors: amounts falling due - within one year	10	1,117	992
- after one year	10	722	1,001
Investments	11	2,999	4,073
Cash at bank and in hand		800	773
		<b>5,638</b>	<b>6,839</b>
Creditors: amounts falling due within one year	12	(1,957)	(1,926)
<b>Net current assets</b>		<b>3,681</b>	<b>4,913</b>
<b>Total assets less current liabilities</b>		<b>26,909</b>	<b>24,497</b>
<b>Provisions for liabilities</b>			
Deferred taxation	14a	(1,438)	(1,097)
<b>Net assets excluding pension liabilities</b>		<b>25,471</b>	<b>23,400</b>
<b>Net pension liabilities</b>	16	<b>(3,277)</b>	<b>(2,621)</b>
<b>Net assets including pension liabilities</b>		<b>22,194</b>	<b>20,779</b>
<b>Represented by:</b>			
Restricted Retail Fund		543	543
Restricted Principals' Fund		3	3
Accumulated Fund		21,648	20,233
<b>Total Reserves</b>		<b>22,194</b>	<b>20,779</b>

The company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The company's net surplus after tax for the year was £2,341k (2018: £91k).

These financial statements were approved by the board of directors and authorised for issue on 28 November 2019

Signed on behalf of the board of directors by



Alistair Rowland  
Chairman



Mark Tanzer  
Chief Executive

The notes on pages 18 to 34 form part of these financial statements.

Company registration number: 551311

## ABTA Limited Financial Statements for the year ended 30 June 2019

### Statement of changes in Equity at 30 June 2019

#### Reserves at 30 June 2019

Group	Restricted	Restricted	Accumulated Fund	Total
	Retail Fund	Principals' Fund		
	£000s	£000s	£000s	£000s
At 1 July 2018	543	3	37,851	38,397
Surplus for the year	-	-	2,987	2,987
Other recognised losses	-	-	(926)	(926)
<b>As at 30 June 2019</b>	<b>543</b>	<b>3</b>	<b>39,912</b>	<b>40,458</b>

Company	Restricted	Restricted	Accumulated Fund	Total
	Retail Fund	Principals' Fund		
	£000s	£000s	£000s	£000s
At 1 July 2018	543	3	20,233	20,779
Gain for the year	-	-	2,341	2,341
Other recognised losses	-	-	(926)	(926)
<b>As at 30 June 2019</b>	<b>543</b>	<b>3</b>	<b>21,648</b>	<b>22,194</b>

#### Reserves at 30 June 2018

Group	Restricted	Restricted	Accumulated Fund	Total
	Retail Fund	Principals' Fund		
	£000s	£000s	£000s	£000s
At 1 July 2017	543	3	36,087	36,633
Surplus for the year	-	-	354	354
Other recognised gains	-	-	1,410	1,410
<b>As at 30 June 2018</b>	<b>543</b>	<b>3</b>	<b>37,851</b>	<b>38,397</b>

Company	Restricted	Restricted	Accumulated Fund	Total
	Retail Fund	Principals' Fund		
	£000s	£000s	£000s	£000s
At 1 July 2017	543	3	18,914	19,460
Loss for the year	-	-	(91)	(91)
Other recognised gains	-	-	1,410	1,410
<b>As at 30 June 2018</b>	<b>543</b>	<b>3</b>	<b>20,233</b>	<b>20,779</b>

As permitted by Section 408 (3) of the Companies Act 2006, the parent company's individual Statement of Comprehensive Income has not been included in these financial statements.

ABTA Limited is a company limited by guarantee and not having a 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 2019 ABTA Limited had 1,105 Members (2018: 1,142) and therefore no Member or group of Members is considered to control the company.

The notes on pages 18 to 34 form part of these financial statements.

**ABTA Limited Financial Statements for the year ended 30 June 2019**

**Group and company cash flow statement  
for the year ended 30 June 2019**

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
<b>Cash flows from operating activities</b>				
Operating surplus/(deficit) for the financial year	<b>3,309</b>	250	<b>2,704</b>	(191)
<b>Adjustments for:</b>				
Depreciation and amortisation	<b>267</b>	327	<b>267</b>	327
Pension movements	<b>64</b>	120	<b>64</b>	120
Pension contributions paid	<b>(524)</b>	(524)	<b>(524)</b>	(524)
Non-cash movements	<b>(5)</b>	(3)	-	-
Revaluation of investment property	<b>(2,938)</b>	-	<b>2,938</b>	-
(Increase)/decrease in debtors	<b>(10)</b>	68	<b>154</b>	241
(Decrease)/increase in creditors	<b>(1,123)</b>	2,049	<b>27</b>	170
Corporation tax paid	<b>(51)</b>	(191)	<b>(51)</b>	(192)
<b>Cash flows (used in)/from operating activities</b>	<b>(1,011)</b>	2,096	<b>(293)</b>	(49)
<b>Cash flows from investing activities</b>				
Dividend received	-	-	<b>133</b>	123
Purchase of tangible fixed assets	<b>(210)</b>	(183)	<b>(210)</b>	(183)
Purchase of intangible fixed assets	<b>(117)</b>	(126)	<b>(113)</b>	(126)
Purchase of cellular shares	-	-	<b>(651)</b>	-
Interest received	<b>265</b>	163	<b>91</b>	64
<b>Cash flows (used in)/from investing activities</b>	<b>(62)</b>	(146)	<b>(750)</b>	(122)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,073)</b>	1,950	<b>(1,047)</b>	(171)
Cash and cash equivalents at beginning of year	<b>28,125</b>	26,175	<b>4,846</b>	5,017
<b>Cash and cash equivalents at the end of year</b>	<b>27,052</b>	28,125	<b>3,799</b>	4,846
<b>Represented by:</b>				
Current asset investments	<b>23,161</b>	26,373	<b>2,999</b>	4,073
Cash at bank and in hand	<b>3,891</b>	1,752	<b>800</b>	773
<b>Cash and cash equivalents at the end of year</b>	<b>27,052</b>	28,125	<b>3,799</b>	4,846

The notes on pages 18 to 34 form part of these financial statements.

# ABTA Limited Financial Statements for the year ended 30 June 2019

## 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 4th Floor The Albany, South Esplanade, St Peter Port, Guernsey, GY1 4NF. 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 2019 rounded to the nearest thousand pounds.

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

The financial statements have been drawn up on a going concern basis which assumes the group will continue in operational existence for the foreseeable future. In doing this, the directors have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature of the accounts.

The principal accounting policies, which have been applied consistently throughout both years, are set out below.

#### b) Basis of consolidation

The financial statements comprise the financial statements of ABTA Limited together with its subsidiaries as detailed in note 9.

#### c) Income recognition

Subscriptions relate to the membership year from 1 July 2018 to 30 June 2019. 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 rent 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.

#### e) Investment property

In accordance with FRS 102 the group's investment property is included in the balance sheet at market value. The carrying value is reviewed annually by the directors based on advice received. Formal independent valuations are undertaken as appropriate, but at least every 5 years and incorporated into the financial statements. 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.

**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 trade and other debtors and creditors.

Debt instruments that are payable or receivable within one year, typically trade 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 in profit and 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 profit 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 amortised cost.

**j) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand 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.

**Notes to the financial statements (continued)**

**l) Pension scheme (continued)**

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 also contributes to individual employees' stakeholder pension plans. The contributions to stakeholder pension plans are to profit and loss 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 profit.

**o) Operating Leases**

Annual rentals are charged to operating profit 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:

***Loss provision on insurance activities***

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the group. Provisions are determined by management based on experience of claims settled and on the advice of expert loss adjusters where appropriate. The estimated cost of claims includes expenses to be incurred in settling claims. The group takes all reasonable steps to ensure that it has appropriate information regarding its claims 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.

***Revaluation of investment property***

ABTA carries its investment property at fair value, with changes in fair value being recognised in profit or loss.

***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.

***Intangible assets***

The useful economic life of intangible assets represents an estimate based on the expected useful life of that element of the computer software. If there is an indication that there has been a significant change in the useful economic life, the amortisation will be revised prospectively.

# ABTA Limited Financial Statements for the year ended 30 June 2019

## Notes to the financial statements (continued)

### 2 Turnover analysis

	2019 £000s	2019 £000s	2019 £000s	2018 £000s
	Trade association activities	Insurance activities	Total	Total
<b>Turnover</b>				
Subscriptions	6,441	-	6,441	6,161
Outsourcing and miscellaneous Member fees	123	-	123	127
Travelife	901	-	901	742
Events and Convention	1,250	-	1,250	1,052
Other commercial activities	130	-	130	165
Other	37	1,409	1,446	1,412
<b>Total turnover</b>	<b>8,882</b>	<b>1,409</b>	<b>10,291</b>	<b>9,659</b>

### 3 (Loss) / Surplus before taxation

	2019 £000s	2018 £000s
<i>Is stated after charging/(receiving):</i>		
Depreciation of tangible fixed assets and amortisation of intangible fixed assets	267	327
Operating lease rentals of property	422	319
Loss on disposal of fixed assets	(1)	-
Foreign exchange (gain)/loss	(5)	17
Investment income:		
interest income	(265)	(163)
rental income	(714)	(604)
Auditor's remuneration:		
for audit	55	53
for tax compliance	15	13
for pension scheme audit	5	5
for other services	15	15

### 4 Salaries and staff costs

	2019 £000s	2018 £000s
Wages, salaries and related staff costs – including directors	4,798	4,536
Social security costs	529	508
Employer's pension contribution - Defined contributions	437	375
<b>Total salary and staff costs</b>	<b>5,764</b>	<b>5,419</b>

The average weekly number of employees are as follows:

	2019 No.	2018 No.
Number of employees	94	91

During the year total remuneration in relation to key management personnel totalled £1,268k (2018: £1,291k).

**ABTA Limited Financial Statements for the year ended 30 June 2019**

**Notes to the financial statements (continued)**

**5 Directors' remuneration included in staff costs above**

	<b>2019</b>	2018
	<b>£000s</b>	£000s
<b>Highest paid director</b>		
Gross salary and benefits	<b>276</b>	274
Director pension contributions	<b>26</b>	25
<b>Total directors' remuneration</b>		
Directors' gross salary	<b>272</b>	271
Directors' pension contribution	<b>26</b>	25
Directors' benefits	<b>4</b>	3
Directors' fees	<b>123</b>	121
<b>Total directors' remuneration</b>	<b>425</b>	420
	<b>2019</b>	2018
	<b>No.</b>	No.
The number of directors accruing benefits under money purchase pension schemes	<b>1</b>	1

**6 Taxation**

	<b>2019</b>	2018
	<b>£000s</b>	£000s
<b>6a Current tax:</b>		
UK corporation tax on surplus for the year	<b>133</b>	122
Foreign taxation	<b>2</b>	-
Adjustments in respect of prior periods	<b>(77)</b>	(26)
<b>Total current tax</b>	<b>58</b>	98
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<b>516</b>	(73)
Adjustments in respect of prior periods	<b>36</b>	-
Adjustments in relation to defined benefit pension scheme	<b>(23)</b>	34
<b>Total deferred tax</b>	<b>529</b>	(39)
<b>Tax on operating surplus</b>	<b>587</b>	59

# ABTA Limited Financial Statements for the year ended 30 June 2019

## Notes to the financial statements (continued)

### 6 Taxation (continued)

#### 6b Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:	<b>2019</b>	2018
	<b>£000s</b>	£000s
Surplus before tax	3,574	420
Surplus multiplied by the effective rate of corporation tax in the UK of 19 % (2018 – 19%)	679	80
Effects of:		
Fixed asset differences	1	1
Expenses not deductible for tax purposes	9	(4)
Group income	(6)	
Adjustments in relation to defined benefit pension scheme	(23)	34
Adjustments to deferred tax not recognised	(34)	(27)
Foreign tax credits	2	1
Adjustments to tax charge in respect of previous periods	(41)	(26)
<b>Total tax charge for year (note 6(a))</b>	<b>587</b>	<b>59</b>

The main rate of corporation tax reduced from 20% to 19% from 1 April 2018. A further reduction to 17% is effective from 1 April 2020.

### 7 Intangible fixed assets

<b>Computer Software</b>	<b>Company</b>	<b>Group</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cost:</b>		
At 1 July 2018	1,437	1,814
Additions	113	117
At 30 June 2019	<b>1,550</b>	<b>1,931</b>
<b>Depreciation:</b>		
At 1 July 2018	1,225	1,602
Charge for year	145	145
At 30 June 2019	<b>1,370</b>	<b>1,747</b>
<b>Net book value:</b>		
At 30 June 2019	<b>180</b>	<b>184</b>
At 30 June 2018	212	212

ABTA Limited Financial Statements for the year ended 30 June 2019

Notes to the financial statements (continued)

8 Tangible fixed assets

	Freehold Investment Property At valuation	Leasehold improvements	Furniture and office equipment	Total
Group	£000s	£000s	£000s	£000s
<b>Cost or valuation:</b>				
At 1 July 2018	17,000	345	786	18,131
Additions	62	6	142	210
Disposals	-	-	(1)	(1)
Revaluation	2,938	-	-	2,938
At 30 June 2019	<b>20,000</b>	<b>351</b>	<b>927</b>	<b>21,278</b>
<b>Depreciation:</b>				
At 1 July 2018	-	345	518	863
Charge for year	-	1	121	122
Disposals	-	-	-	-
At 30 June 2019	-	<b>346</b>	<b>639</b>	<b>985</b>
<b>Net book value:</b>				
At 30 June 2019	<b>20,000</b>	<b>5</b>	<b>288</b>	<b>20,293</b>
At 30 June 2018	17,000	-	268	17,268

Tangible fixed assets	Freehold Investment Property At valuation	Leasehold improvements	Furniture and office equipment	Total
Company	£000s	£000s	£000s	£000s
<b>Cost or valuation:</b>				
At 1 July 2018	17,000	345	786	18,131
Additions	62	6	142	210
Disposals	-	-	(1)	(1)
Revaluation	2,938	-	-	2,938
At 30 June 2019	<b>20,000</b>	<b>351</b>	<b>927</b>	<b>21,278</b>
<b>Depreciation:</b>				
At 1 July 2018	-	345	518	863
Charge for year	-	1	121	122
Disposals	-	-	-	-
At 30 June 2019	-	<b>346</b>	<b>639</b>	<b>985</b>
<b>Net book value:</b>				
At 30 June 2019	<b>20,000</b>	<b>5</b>	<b>288</b>	<b>20,293</b>
At 30 June 2018	17,000	-	268	17,268

The freehold interest in the property was independently valued as at 30 June 2019 by Savills (UK) Limited, acting in the capacity of External Valuers. The valuation is in accordance with the requirements of the RICS Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards) and the RICS Valuation – Global Standards 2017 - UK national supplement (the “Red Book”).

The valuation of the property was on the basis of Fair Value adopting the International Accounting Standard Board (IASB) – International Financial Reporting Standards (IFRS) definition on the assumption that the property would be sold subject to and with the benefit of the existing lease.

The valuers reported that the Fair Value of the property was £20,000,000 as at the date of valuation. The valuation was arrived at predominantly by reference to market evidence for comparable property.

## ABTA Limited Financial Statements for the year ended 30 June 2019

### Notes to the financial statements (continued)

#### 9 Fixed Asset Investments

Investment in insurance cell in Lime Street Insurance PCC Limited	Group
	£000s
Investment at 1 July 2018 and 30 June 2019	102
Foreign exchange adjustment at year end	(1)
<b>Total</b>	<b>101</b>

Investment in subsidiary undertakings	Company
	£000s
Shares at cost at 1 July 2018	2,104
Purchased in the year	651
Shares at cost at 30 June 2019	<b>2,755</b>

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
			Redeemable 100%	1,195
Travellife 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	-
<b>Total cost of investments</b>				<b>2,755</b>

#### 10 Debtors: amounts falling due within one year

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
Other debtors	533	481	574	637
Amounts due from subsidiary undertakings	133	123	-	-
Prepayments and accrued income	451	388	521	431
<b>Total</b>	<b>1,117</b>	<b>992</b>	<b>1,095</b>	<b>1,068</b>

## ABTA Limited Financial Statements for the year ended 30 June 2019

### Notes to the financial statements (continued)

#### Debtors: amounts arising out of insurance operations

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
Insurance premium receivable	-	-	56	67
Claims recoverable	-	-	21	27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>94</b>

#### Debtors: amounts falling due after one year

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
Due from subsidiary undertakings	722	1,001	-	-
<b>Total</b>	<b>722</b>	<b>1,001</b>	<b>-</b>	<b>-</b>

#### 11 Investments

	Market Value 2019 £000s	Market Value 2018 £000s
Held by:		
ABTA Limited	2,999	4,073
ABTA Insurance PCC Limited	20,162	22,300
<b>Group</b>	<b>23,161</b>	<b>26,373</b>

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 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
Other creditors	438	499	501	507
Corporation tax	128	52	128	52
Other taxes and social security	145	148	145	148
Accruals	540	529	593	614
Deferred income	706	698	1,629	1,806
Cellular shares held by other company	-	-	606	1,583
<b>Total</b>	<b>1,957</b>	<b>1,926</b>	<b>3,602</b>	<b>4,710</b>

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
Other creditors	-	-	-	36
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>

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.

## ABTA Limited Financial Statements for the year ended 30 June 2019

### Notes to the financial statements (continued)

#### 13 Financial assets and liabilities

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
<i>Financial assets</i>				
Financial assets measured at amortised cost	5,177	6,595	27,730	28,930
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost	978	1,028	1,753	2,767

Financial assets measured at amortised cost comprise current asset investments, cash and cash equivalents, other debtors, accrued income and amounts due from subsidiaries. Financial liabilities measured at amortised cost comprise other creditors and accruals.

At the balance sheet date, ABTA Ltd had entered into a forward contract to purchase £400,000 of Japanese Yen. As at 30 June 2019, the fair value of this contract was £2k.

#### 14 Provisions for liabilities

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
<b>14a Deferred taxation</b>				
At 1 July	1,097	820	1,071	820
Charged/(credited) to Profit & Loss	531	(12)	529	(39)
(Credited)/charged to Other Comprehensive Income	(190)	289	(190)	290
<b>Balance at 30 June</b>	<b>1,438</b>	<b>1,097</b>	<b>1,410</b>	<b>1,071</b>

The provision for deferred taxation has been calculated based on a composite corporation tax rate of 17% (2018: 17%).

	Company 2019 £000s	Company 2018 £000s	Group 2019 £000s	Group 2018 £000s
<b>Analysis of deferred taxation</b>				
Fixed asset timing differences	131	123	131	124
Other short term timing differences	(566)	(454)	(566)	(454)
Capital gains	2,036	1,526	2,036	1,526
Losses	(163)	(98)	(191)	(125)
<b>Balance at 30 June</b>	<b>1,438</b>	<b>1,097</b>	<b>1,410</b>	<b>1,071</b>

#### 14b Loss provision on insurance activities

In the opinion of the directors, the loss provision, which should be recognised in the financial statements, amounts to £2k as at June 2019 (2018: £7k). 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.

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.

## ABTA Limited Financial Statements for the year ended 30 June 2019

### Notes to the financial statements (continued)

#### 14b Loss provision on insurance activities (continued)

	2014 £000s	2015 £000s	2016 £000s	2017 £000s	2018 £000s	2019 £000s
At 12 month stage	621	129	125	215	102	52
At 24 months	351	142	72	-	-	-
At 36 Months	351	-	-	220	-	-
At 48 Months	-	-	-	-	-	-
At 60 months	-	-	-	-	-	-
Paid to date	(351)	(142)	(72)	(220)	(102)	(50)
<b>Outstanding at 30 June 2019</b>	-	-	-	-	-	<b>2</b>
Improvement/ (deterioration) from 12 month stage	270	(13)	53	(5)	-	-

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 most important components of this financial risk are market 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 £7.2k (2018: £1.2k) on cash and cash equivalents at the year end assuming all other assumptions remain unchanged.

###### *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.

Notes to the financial statements (continued)

Certificates of deposit represent 100% (2018: 100%) of total current asset investments. 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 total reserves would increase/decrease by £1,008k (2018: £1,115k).

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;
- 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 AIPCC bearing credit risk are summarised below, together with an analysis by credit rating by Standard & Poors unless otherwise indicated:

	2019	2018
	£000s	£000s
Investments – current	26,162	22,300
Investments – non-current	101	102
Debtors arising out of insurance operations	77	94
Sundry receivables and accrued interest	67	42
Cash and cash equivalents	2,883	475
<b>Group</b>	<b>23,290</b>	<b>23,013</b>
	2019	2018
	£000s	£000s
AA	4,942	3,384
A	18,167	19,433
Unrated	181	196
<b>Group</b>	<b>23,290</b>	<b>23,013</b>

The concentration of credit risk is substantially unchanged compared to the prior year. 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 company had financial assets £23,290k (2018: £23,013k), £23,190k of which are current assets (2018: £22,911k) and £101k of which are non-current assets (2018: £102k). The financial liabilities are £215k at the year end (2018: £175k), creating a liquidity gap of £23,075k (2018: £22,838k).

**Capital management**

The AIPCC's objectives when managing capital are to safeguard the company's ability to continue as a going concern. The directors of the AIPCC consider the capital of the company to be limited to the issued share capital being £14,453k (2018: £14,781k), being the total of both the ordinary shares and cellular shares of the company. 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.

Notes to the financial statements (continued)

**Fair value estimation**

The table below analyses the financial instruments of the AIPCC which are carried at fair value, by estimation 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.

2019	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Investments – current	20,162	-	-	20,162
Investments – non-current	-	-	101	101

2018	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Investments – current	22,300	-	-	22,300
Investments – non-current	-	-	102	102

**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 2019 claims paid were £nil (2018: £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 2019, ABTA made contributions of £524k (2018: £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.

Notes to the financial statements (continued)

16 Net pension liabilities (continued)

Following agreement between ABTA and the scheme trustees, a recovery plan was implemented with annual contributions to remain at £524k.

On the basis of this most recent actuarial valuation, if experience continues to be in line with the assumptions underlying the actuarial, it is expected that this would be sufficient to eliminate the deficit on an on-going basis by 29 February 2020.

Valuation assumptions

ABTA's appointed actuary for the purposes of carrying out the valuation at 30 June 2019 in accordance with Financial Reporting Standard 102, section 28 adopted the following major assumptions:

	30 June 2019	30 June 2018
Rate of increase in salaries	3.9% pa	3.8% pa
Rate of increase in pensions in payment	3.3% - 5.0% pa	3.2% - 5.0% pa
Rate used to discount scheme liabilities	2.3% pa	2.7% pa
Inflation assumption	3.4% pa	3.3% pa
Base mortality table	S2PMA/S2PFA	S2PMA/S2PFA
Mortality projection basis	CMI (2018) projection model with a long term rate of 1% pa	CMI (2017) projection model with a long term rate of 1% pa

Major categories of plan assets as a percentage of total scheme assets	30 June 2019	30 June 2018
UK & overseas equity funds	27%	47%
Fixed Interest funds	15%	43%
Absolute Return fund	10%	
Liability Driven Investment funds	21%	
Property / Infrastructure funds	7%	
Pending trades	11%	
Annuity policies	9%	10%

Balance Sheet	30 June 2019	30 June 2018
	£000s	£000s
Fair value of scheme assets	25,765	24,926
Defined benefit obligation (DBO)	(29,042)	(27,547)
Deficit	(3,277)	(2,621)
Funding level	89%	90%

Analysis of the amount charged to net pension financing costs	30 June 2019	30 June 2018
	£000s	£000s
Interest income on pension scheme assets	(672)	(655)
Interest on pension scheme liabilities	736	775
Total pension financing cost	64	120
Total charge to profit and loss	64	120

Analysis of the amount recognised in the other comprehensive income	30 June 2019	30 June 2018
	£000s	£000s
Actuarial experience gains on pension scheme assets	355	210
Experience gains arising on the scheme liabilities	90	768
Changes in assumptions underlying the present value of the same liabilities	(1,561)	721
Actuarial gain/(loss) recognised in other comprehensive income	(1,116)	1,699

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 2019	30 June 2018
	£000s	£000s
Opening defined benefit obligation	27,547	29,167
Interest cost	736	775
Actuarial experience gains	(90)	(768)
Change in actuarial assumptions	1,561	(721)
Benefits paid	(712)	(906)
<b>Closing defined benefit obligation</b>	<b>29,042</b>	<b>27,547</b>

Analysis of changes in the fair value of assets	30 June 2019	30 June 2018
	£000s	£000s
Opening fair value of assets	24,926	24,443
Interest income	672	655
Employer's contribution	524	524
Actuarial experience gains	355	210
Benefits paid	(712)	(906)
<b>Closing fair value of assets</b>	<b>25,765</b>	<b>24,926</b>

Amounts for the current & previous four periods					
	2019	2018	2017	2016	2015
	£000s	£000s	£000s	£000s	£000s
Fair value of scheme assets	25,765	24,926	24,443	22,340	20,423
Defined benefit obligation	(29,042)	(27,547)	(29,167)	(27,200)	(23,982)
(Shortfall)	(3,277)	(2,621)	(4,724)	(4,860)	(3,559)
Experience adjustment on assets	355	210	1,714	1,063	382
Experience adjustment on DBO	90	768	142	245	471

Projected amount charged to the profit and loss account for 2019-20	30 June 2020
	£000s
Interest income on assets	(588)
Interest cost	659
<b>Total charge to profit and loss</b>	<b>71</b>

Projected deficit for year ending 30 June 2020	30 June 2020
	£000s
Opening deficit	(3,277)
Expected charge to income and expenditure	(71)
Expected Employer contributions	349
<b>Projected deficit</b>	<b>(2,999)</b>

**Sensitivity Analysis**

	Change to DBO
Increase/decrease discount rate by 0.5% pa	-9% / +10%
Increase/decrease assumed rate of future inflation by 0.5% pa	+3% / -3%
Increase/decrease assumed life expectancy at age 65 by 1 year	+5% / -5%

**17 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.

## ABTA Limited Financial Statements for the year ended 30 June 2019

### Notes to the financial statements (continued)

#### 18 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2019 Land & Buildings £000s	2019 Other £000s	2018 Land & Buildings £000s	2018 Other £000s
Not later than 1 year	442	4	422	4
Within 2 to 5 years	1,767	4	1,767	7
Over 5 years	1,871	-	-	-
<b>Total</b>	<b>4,080</b>	<b>8</b>	<b>2,189</b>	<b>11</b>

#### Operating leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	2019 Land & Buildings £000s	2019 Other £000s	2018 Land & Buildings £000s	2018 Other £000s
Not later than 1 year	910	-	453	-
Within 2 to 5 years	3,337	-	-	-
<b>Total</b>	<b>4,247</b>	<b>-</b>	<b>453</b>	<b>-</b>

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.

#### 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 2019, ABTA dealt with claims in respect of ABTA Members as follows, all of which were covered by Members' bonds or insurance:

	2019 £000s	2018 £000s
Failure of Members conducting dual activities		
- current year failures	6	-
- adjustment in relation to prior year failures	-	29
Failure of Members conducting principal activities		
- current year failures	145	90
- adjustment in relation to prior year failures	-	15
Failure of Members conducting retail activities		
- current year failures	-	125
- adjustment in relation to prior year failures	-	21
<b>Total claims</b>	<b>151</b>	<b>280</b>

	2019	2018
The number of ABTA members who failed during the year was as follows:		
Failure of Members conducting dual activities	2	1
Failure of Members conducting principal activities	2	3
Failure of Members conducting retail activities	1	1
<b>Total failures</b>	<b>5</b>	<b>5</b>

**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 a separate designated account and is not reflected in ABTA's balance sheet. At 30 June 2019 ABTA was responsible for funds totalling £72K (2018: £833K). These sums represent funds called in and not yet distributed, together with accumulated interest.

**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 2019 the balance held in the scheme was £19.4m (2018: £18m) and is not reflected in ABTA's balance sheet. This was transferred out in accordance with the scheme on 1 July 2019.

**21 Post balance sheet events**

The Thomas Cook Group plc went into liquidation on 23 September 2019. Five travel agency and travel organiser companies within the Group were Members. It is still too early to provide a complete assessment of the full impact of the failure; however, ABTA is confident that the bonds held will cover consumer and pipeline claims and the costs incurred in managing it. The subscription revenue lost is less than 5% of income, and although it will be impacted in the short-term, ABTA is confident that this will not affect the long-term viability of ABTA.