

ABTA Limited
Company number 551311
Consolidated Annual Report and Financial Statements
for the Year Ended 30 June 2018

ABTA Limited Financial Statements for the year ended 30 June 2018

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ABTA Limited Financial Statements for the year ended 30 June 2018

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

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 has up to 14 members in order to ensure it has adequate expertise and experience from across the membership and comprises:

4 persons representing ABTA Members who are elected by the membership

1 person being the Chairman who is elected by the Board from amongst its own number

1 person being the Chief Executive

Up to 5 persons representing ABTA Members who are appointed by the Board members

Up to 3 other persons who are appointed by the above Board members who need not represent a Member of ABTA

At 30 June 2018 there were 12 Board members and 2 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.

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

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

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.

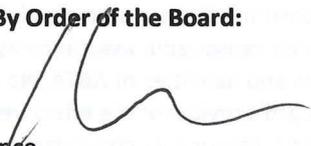
Controls and Procedures

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 2018

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 past year continues to be an eventful time, both for the travel industry and for the Association. Despite the uncertain political and tough economic environment, travel businesses generally are continuing to be successful evidenced by the increase in the collective turnover of ABTA Members to £38 billion from £37 billion. It has also been a year of huge regulatory change with the introduction of GDPR, the Payment Services Directive 2 and Package Travel and ATOL reform among other initiatives, including preparations for Brexit. 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.

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 was identified as increasing. The new Package Travel Regulations came into force on 1 July 2018, which in itself is no cause for concern. However, due to the complexity of the new regulations and the extremely tight timescales for implementation, final guidance being published just four weeks before implementation, it is possible that some ABTA Members will not yet be correctly forecasting their turnover so may not have provided financial protection at the appropriate level. Thus if a failure was to occur, ABTA may not be able to call sufficient funds from the primary bond or financial failure insurance policy, to cover the cost of the failure. This would result in increased calls on the shortfall insurance arrangements. A significant effort is underway to check bond calculations, audit returns data and review ATOL authorisations in order to identify inconsistencies and work with Members to adjust their arrangements accordingly.

The risk of accidental or intentional disruption to ABTA's IT systems and unauthorised disclosure of information remains high on the register, although is measured as steady. Additional control measures have been put in place to mitigate this risk including: further security and penetration testing of ABTA's IT infrastructure, extra security for mobile devices, plus a review of a key third party service provider who processes personal data.

Strategic Report (continued)

Recognising data protection as a theme that cuts across a number of risks, ABTA took the decision to appoint a Data Protection Officer in March 2018. Part of this role is to improve governance and reporting, and as such a new annual report is presented to the ABTA Board of Directors, highlighting the work and risks around this subject. Various work streams are underway including the review and re-drafting of data protection policies and procedures, extra training for ABTA employees, new data audits and retention policies, and the implementation of a Data Protection by Design and Default project methodology for any work involving significant personal data.

Another significant risk is asset management. The Newman Street property lease expires in 2019 and ABTA has developed various options to ensure that the long term future of this income stream is maintained.

ABTA has also implemented a new contract management process to mitigate the risk of non-delivery or poor delivery of contracted services. All relevant staff have received training and the process of reviewing long-standing contracts is underway with support and guidance being given during the contract review and renewal process.

The Group was 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.

Whilst 66 Members left the Association in the year under review 47 new Members joined, bringing the year-end membership number to 1,142 (2017 1,161), reflecting the continuing consolidation within the industry. The total turnover of ABTA Members (the basis for ABTA's own subscription income) has increased from £37 billion to £38 billion. ABTA remains by far the most recognised travel industry trade body among UK consumers, with a 74% public recognition factor.

ABTA's overall financial position remains healthy. An overall group surplus after taxation of £354k (2017: £403k) was made, of which a loss of £294k related to Trade Association activity and a profit of £648k to Insurance activities. It is important to note that insurance is by its very nature cyclical. The group surplus together with the effect of the actuarial gain on the pension scheme of £1,410k (2017: £256k) net of tax, overall increased ABTA's group net assets by £1,764k (2017: £147k) to £38,397k (2017: £36,633k).

Voice of the industry

Stop Sickness Scams - ABTA made it a priority to help stamp out fraudulent holiday sickness claims through a range of lobbying and communications work. With the support of Members, the Stop Sickness Scams campaign achieved real progress in tackling some of the root causes behind the 500% rise in claims, which has cost the wider industry tens of millions of pounds. Thanks to these efforts, the Government committed to bringing sickness claims abroad in line with the fixed costs regime for personal injury claims in the UK, and under the Financial Claims and Guidance Bill, claims management companies (CMCs) will be banned from cold calling people about holiday sickness claims. These are big achievements for the campaign and it should make a real difference to the number of claims travel companies and holiday firms receive.

Strategic Report (continued)

Credit Card Charges - ABTA has been vocal in highlighting to Government and regulators, both publicly and privately, the detrimental effect the ban on passing on credit and debit card fees will have on the travel industry, particularly travel agents. ABTA continues to lobby the Government and regulatory authorities to take action to help bring these costs down.

Package Travel Regulations and ATOL reform - Following years of review and revision at European and UK Government level, the new Package Travel Regulations came into force on 1 July 2017. ABTA played a leading role in consulting with Members on proposed changes, and in representing their views to Government. ABTA has also been active in sharing Members' views on ATOL reform highlighting what these changes mean for the industry and lobbying to make important changes.

Airline Insolvency - The Government's choice to repatriate all customers following the collapse of Monarch - whether they had ATOL protection or not - showed the inconsistencies and flaws in the existing protection scheme. ABTA publicly highlighted these points and called for a review into airline insolvency - which the Government has since announced. ABTA is working to make sure the voice of the industry is heard in this debate, along with the travelling public.

Brexit - The aim is to maintain ABTA as the voice of the industry on Brexit, by publishing evidence-based reports on the value of UK outbound travel to the EU, and by communicating the priority issues for the travel industry and the travelling public. These reports have helped to make the case to officials in Brussels, destination governments and the UK Government about achieving a Brexit deal which supports travel. ABTA also convened industry debate and discussion by holding an event with 150 leaders from the sector, and worked to maintain consumer confidence by offering comment to the media.

Air passenger duty ("APD")- ABTA is one of the founding members and a leading voice in the Fair Tax on Flying campaign as it works with industry partners in seeking a 50% cut in APD. ABTA were encouraged that the Government listened to the issues raised by the campaign when it chose to freeze APD for economy flights in the 2017 Budget. Good connectivity and economical air travel will be important when Britain leaves the EU, and ABTA is working hard with our partners to put this case to Government.

Industry support

Guidance - The 2017 ABTA Member survey reports that the operational support ABTA provides to Members in the event of a crisis, as well as clear, effective communication with the media and customers, are two of the things they value most from their ABTA membership. ABTA's operational bulletins kept Members informed 24/7 about emerging issues across the world. Its destinations team circulated over 1,600 bulletins featuring more than 1,800 events, including changes to FCO advice, severe weather warnings, political upheaval and terrorist activity. ABTA conducted hundreds of interviews and gave responses to major issues and crises on behalf of the industry during the past year.

Claims - The pipeline financial protection ABTA provides is one of the services greatly valued by Members and, unfortunately, the industry experienced significant travel company failures last year where this protection proved vital. The collapse of Monarch Travel Group was the largest British airline failure in history. ABTA received hundreds of Member and customer calls, providing guidance and supporting the claims process, as well as providing facts, perspective and advice to the national media.

Business support – It has been an unprecedented year for regulatory change. ABTA provided the latest information and guidance on Package Travel Regulations, GDPR and the Payment Services Directive 2 to help Members understand the impact on their businesses, as well as a number of other ongoing issues. ABTA guidance is available in the Member zone on abta.com and ABTA provided regular updates at its regional business meetings and other ABTA and wider industry events. ABTA's teams were on hand to deal with over 15,000 Member queries this past year - offering advice and support where needed. ABTA also provided a range of free-to-attend events for Members - such as the Brexit Breakfast Briefing in March and its twice-yearly roadshow of regional business meetings - all in addition to providing written guidance and updates via the Member zone.

Strategic Report (continued)

ABTA tourism accommodation health & safety technical guide 2017 - ABTA is committed to continually improving health and safety within the tourism accommodation sector, through collaboration with our Members and working with a team of health and safety specialists. Following an extensive review, the updated version of the Tourism Accommodation Health & Safety Technical Guide 2017 was published in October. It was translated into eight languages.

ABTA education hub - ABTA worked with leading training experts and ABTA Members in the development of the new Travel Consultant Apprenticeship, launched last year. In autumn 2017, ABTA launched a new education hub on abta.com including an e-learning "Knowledge zone", aimed at supporting staff learning and development in the travel industry. The ABTA Knowledge zone provides insightful and practical information to staff on a range of relevant topics. Two new training modules, All About ABTA, and FCO travel advice, and two refreshed modules, Every child, Everywhere and Accessible Travel Made Easy, have been introduced to date.

Counter terrorism awareness training - Following the launch of counter terrorism awareness training in association with the National Counter Terrorism Security Office (NaCTSO), ABTA has been running free-to-attend training sessions for Members this year. The aim of the training is to highlight some of the key elements that ABTA Members may wish to consider as part of their business continuity plans concerning the threat of terrorism, together with measures they could introduce within their own businesses for staff in the UK and overseas.

Travel with confidence

Campaigns - A priority for ABTA is to show consumers and business travellers why booking with an ABTA Member is important - highlighting the benefits a Member provides and why customers can book and travel with confidence when they see the ABTA logo. Each year ABTA builds on this by running advertising and PR campaigns aimed at explaining the offer of support, protection and expertise which ABTA membership brings. This year's Member survey shows that promoting the benefits of booking with an ABTA Member is considered to be a number one priority.

The impact of our customer campaigns is measured through the annual ABTA consumer survey and also through our survey among buyers of business travel. This year, we increased consumer recognition of the logo to 74% with notable increases in people positively associating ABTA with values such as reassurance, quality, safety and expertise. Around two-thirds of people think less positively of companies that are not ABTA Members.

Phase one of our Travel with confidence 2017-18 campaign launched at the end of December. A targeted digital campaign reached the 55+ and family markets, by partnering with influential parenting site 'Made for Mums' and advertising on The Telegraph online, and broader social platforms. The campaign had strong engagement, reaching almost 1.5 million consumers. The second phase of the campaign targeted younger travellers (18-34 year olds) and those that book business travel. To warn people about fake holiday companies, ABTA ran its annual holiday booking fraud campaign in partnership with the City of London Police and Get Safe Online. 2018's campaign highlighted the latest statistics on the number of people affected by holiday booking fraud and provided tips about how to avoid being defrauded, including emphasising the importance of checking for an ABTA logo and booking with a reputable travel company. This campaign was very successful with coverage across all mainstream media outlets.

In early 2018, ABTA was voted a "Business Superbrand" for the twelfth consecutive year and a "Consumer Superbrand" for the second year in a row. 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.

Strategic Report (continued)

Customer support - Travel with confidence is also about the advice and support we offer to Members' customers and the dispute resolution service we provide to help resolve complaints where customers and Members may have a disagreement. Our customer support team received more than 17,000 calls this past year, varying from advising on the Ryanair flight cancellations and Monarch airline failure, to providing accurate advice on what they need to do if they wish to pursue a complaint.

Customer claims - Although the past few years have seen relatively low numbers of travel businesses failing, we have seen some large failures, including All Leisure Holidays Limited and Monarch Holidays Limited. These events are where ABTA's claims handling services are extremely important to customers. An estimated £6.25 million has been paid since January 2017 from over 3,000 claims, demonstrating the value of ABTA financial protection.

ABTA on the road

Regional business meetings - More than 500 Members and Partners came to ABTA's 22 free-to-attend regional meetings last year. The regional meetings cover a wide-range of relevant topics, led by senior members of the ABTA team, and also provide an opportunity for Members to network with colleagues and peers in their locality. In what has been a year of significant regulatory change for the industry, these meetings were an opportunity to gain insight and practical advice on subjects such as new Package Travel Regulations, data protection regulation and credit and debit card charges.

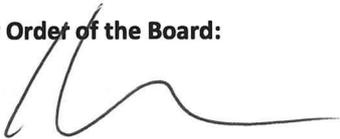
Conferences and events - Over 2,000 people attended ABTA's seminars and conferences in the last 12 months. ABTA's optional, paid-for events are a chance for more in-depth learning and training at a competitive price, ensuring Members have access to high quality, development opportunities. ABTA launched 14 new events this year, with excellent feedback from delegates. Following further Member feedback, ABTA held more events outside of London, including Manchester, Birmingham, Bristol and Glasgow.

Industry events, exhibitions and conferences - ABTA's experts provided advice at industry events on issues such as the changes to GDPR and Package Travel Regulations. ABTA also hosted stands at high profile travel shows such as the Business Travel Show and World Travel Market. ABTA presented at each of its 12 Partner universities and two colleges during the year across the country as a commitment to help educate the next generation about the industry. Lecturers and students also benefitted from attending regional business meetings and building links with ABTA Members in their regions.

The Travel Convention - The 2017 Travel Convention was held in The Azores, where the theme was "The Next Chapter". Speaker topics included 'The future for cruise', 'The political landscape' and 'A world of emerging technologies'.

Travel Brit Awards - ABTA continue to support the Travel Brit Awards - the only award ceremony celebrating agents working in domestic tourism. The award category 'Best use of ABTA Branding' is open to all Members to enter.

Approved By Order of the Board:



Simon E Bunce
Secretary
30 Park Street
London SE1 9EQ

28 November 2018

Directors' Report

The board of directors submits its Strategic Report, Directors' Report and the Financial Statements for the year ended 30 June 2018.

1. Directors

The names of the members of the board of directors during the year ended 30 June 2018 were:

Noel Josephides (elected chairman)
Mark Tanzer (Chief Executive)

Elected by the membership:

Alistair Rowland
Derek Jones (elected 14 February 2018)
Jamie Gardiner
Daniele Broccoli
Andrew Swaffield (resigned 2 October 2017)

Appointed Member representatives:

Richard Downs
Kathryn Darbandi
Stuart Leven
Andrew Flintham (resigned 5 September 2017)
Richard Sofer (appointed 1 November 2018)
John Bevan (appointed 1 November 2018)

Non-members:

Amanda Campbell
Katrina Machin
Rt Hon Baroness Stowell of Beeston

ABTA provided 3rd party indemnity insurance for all the directors throughout the year ended 30 June 2018.

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 £18.5k were paid during the year ended 30 June 2018. Included in the charitable donations was £18k to ABTA Lifeline, ABTA's charitable trust for those in the travel industry who have fallen upon hard times.

4. Auditor

Moore Stephens 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.

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 2018



30 Park Street, London, SE1 9EQ

ABTA Limited Financial Statements for the year ended 30 June 2018

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare their financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

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

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 2018 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 2018 and of the group'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 2018

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. 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.

Moore Stephens LLP

Stephen Corral, Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

Registered Auditor and Chartered Accountants

150 Aldersgate Street

London

EC1A 4AB

Date: 4 December 2018

ABTA Limited Financial Statements for the year ended 30 June 2018

**Group Statement of Comprehensive Income
for the year ended 30 June 2018**

	Notes	2018 £000s Trade association activities	2018 £000s Insurance activities	2018 £000s Total	2017 £000s Total
Turnover	2	8,265	1,394	9,659	9,295
Insurance claims, net of recoveries		-	(67)	(67)	(130)
Gross surplus		8,265	1,327	9,592	9,165
Administration expenses		(9,141)	(805)	(9,946)	(9,465)
Operating (deficit) / surplus before interest and tax		(876)	522	(354)	(300)
Investment income		641	126	767	641
(Loss) / surplus before taxation	3	(235)	648	413	341
Taxation	6	(59)	-	(59)	62
(Loss) / surplus for the year after taxation		(294)	648	354	403
Other comprehensive income					
(Loss) / surplus for the year		(294)	648	354	403
Actuarial gain/(loss) on defined benefit pension scheme	16	1,699	-	1,699	(250)
Movement in related deferred tax asset		(289)	-	(289)	(6)
Total comprehensive income for the year		1,116	648	1,764	147

There were no discontinued operations during the year.

The notes on pages 19 to 32 form part of these financial statements.

ABTA Limited Financial Statements for the year ended 30 June 2018

**Group balance sheet
at 30 June 2018**

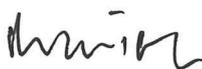
	Notes	Trade association activities £000s	Insurance activities £000s	2018 £000s
Fixed assets				
Intangible fixed assets	7	212	-	212
Tangible fixed assets	8	17,268	-	17,268
Investments	9	-	102	102
		17,480	102	17,582
Current assets				
Debtors amounts falling due within one year	10	1,027	135	1,162
Investments	11	4,073	22,300	26,373
Cash at bank and in hand		1,276	476	1,752
		6,376	22,911	29,287
Creditors: amounts falling due within one year	12	(4,569)	(168)	(4,737)
Net current assets		1,807	22,743	24,550
Total assets less current liabilities		19,287	22,845	42,132
Creditors: amounts falling due after one year	12	(36)	-	(36)
Provisions for liabilities				
Deferred taxation	14a	(1,071)	-	(1,071)
Loss provision on insurance activities	14b	-	(7)	(7)
		(1,107)	(7)	(1,114)
Net assets excluding pension liabilities		18,180	22,838	41,018
Net pension liabilities	16	(2,621)	-	(2,621)
Net assets including pension liabilities		15,559	22,838	38,397
Represented by: Reserves		15,559	22,838	38,397

These financial statements were approved by the board of directors and authorised for issue on 28 November 2018

Signed on behalf of the board of directors by



Noel Josephides
Chairman



Mark Tanzer
Chief Executive

The notes on pages 19 to 32 form part of these financial statements.

Company registration number: 551311

ABTA Limited Financial Statements for the year ended 30 June 2018

**Group balance sheet
at 30 June 2017**

	Notes	Trade association activities £000s	Insurance activities £000s	2017 £000s
Fixed assets				
Intangible fixed assets	7	267	-	267
Tangible fixed assets	8	17,231	-	17,231
Investments		-	99	99
		17,498	99	17,597
Current assets				
Debtors amounts falling due within one year	10	1,090	140	1,230
Investments	11	4,553	20,429	24,982
Cash at bank and in hand		818	375	1,193
		6,461	20,944	27,405
Creditors: amounts falling due within one year	12	(2,631)	(152)	(2,783)
Net current assets		3,830	20,792	24,622
Total assets less current liabilities		21,328	20,891	42,219
Creditors: amounts falling due after one year	12	(33)	-	(33)
Provisions for liabilities				
Deferred taxation	14a	(820)	-	(820)
Loss provision on insurance activities		-	(9)	(9)
		(853)	(9)	(862)
Net assets excluding pension liabilities		20,475	20,882	41,357
Net pension liabilities	16	(4,724)	-	(4,724)
Net assets including pension liabilities		15,751	20,882	36,633
Represented by: Reserves		15,751	20,882	36,633

These financial statements were approved by the board of directors and authorised for issue on 28 November 2018

Signed on behalf of the board of directors by


Noel Josephides
Chairman


Mark Tanzer
Chief Executive

The notes on pages 19 to 32 form part of these financial statements.

Company registration number: 551311

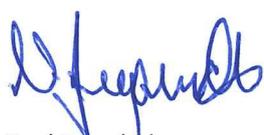
**Company balance sheet
at 30 June 2018**

	Notes	2018 £000s	2017 £000s
Fixed assets			
Intangible fixed assets	7	212	267
Tangible fixed assets	8	17,268	17,231
Investments	9	2,104	2,104
		19,584	19,602
Current assets			
Debtors: amounts falling due - within one year	10	992	1,058
- after one year	10	1,001	1,176
Investments	11	4,073	4,553
Cash at bank and in hand		773	464
		6,839	7,251
Creditors: amounts falling due within one year	12	(1,926)	(1,849)
Net current assets		4,913	5,402
Total assets less current liabilities		24,497	25,004
Provisions for liabilities			
Deferred taxation	14	(1,097)	(820)
Net assets excluding pension liabilities		23,400	24,184
Net pension liabilities	16	(2,621)	(4,724)
Net assets including pension liabilities		20,779	19,460
Represented by: Reserves		20,779	19,460

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 loss after tax for the year was £91k (2017: surplus of £127k).

These financial statements were approved by the board of directors and authorised for issue on 28 November 2018

Signed on behalf of the board of directors by



Noel Josephides
Chairman



Mark Tanzer
Chief Executive

The notes on pages 19 to 32 form part of these financial statements.

Company registration number: 551311

ABTA Limited Financial Statements for the year ended 30 June 2018

Statement of changes in Equity at 30 June 2018

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
As at 30 June 2018	543	3	37,851	38,397

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
As at 30 June 2018	543	3	20,233	20,779

Reserves at 30 June 2017

Group	Restricted	Restricted	Accumulated Fund	Total
	Retail Fund	Principals' Fund		
	£000s	£000s	£000s	£000s
At 1 July 2016	543	3	35,940	36,486
Surplus for the year	-	-	403	403
Other recognised losses	-	-	(256)	(256)
As at 30 June 2017	543	3	36,087	36,633

Company	Restricted	Restricted	Accumulated Fund	Total
	Retail Fund	Principals' Fund		
	£000s	£000s	£000s	£000s
At 1 July 2016	543	3	19,043	19,589
Surplus for the year	-	-	127	127
Other recognised losses	-	-	(256)	(256)
As at 30 June 2017	543	3	18,914	19,460

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 2018 ABTA Limited had 1,142 Members (2017: 1,161) and therefore no Member or group of Members is considered to control the company.

The notes on pages 19 to 32 form part of these financial statements.

**Group and company cash flow statement
for the year ended 30 June 2018**

	Group		Company	
	2018 £000s	2017 £000s	2018 £000s	2017 £000s
Cash flows from operating activities				
Operating deficit for the financial year	(354)	(300)	(795)	(727)
Adjustments for:				
Depreciation and amortisation	327	338	327	338
Pension movements	120	138	120	138
Pension contributions paid	(524)	(524)	(524)	(524)
Non-cash movements	(3)	26	-	-
Decrease/(increase) in debtors	68	(135)	241	105
Increase in creditors	2,049	352	170	338
Corporation tax paid	(191)	(161)	(192)	(161)
Cash flows from/(used in) operating activities	1,492	(266)	(653)	(493)
Cash flows from investing activities				
Dividend received	-	-	123	140
Purchase of tangible fixed assets	(183)	(171)	(183)	(171)
Purchase of intangible fixed assets	(126)	(159)	(126)	(159)
Interest received	767	641	668	652
Cash flows from investing activities	458	311	482	462
Net increase/(decrease) in cash and cash equivalents	1,950	45	(171)	(31)
Cash and cash equivalents at beginning of year	26,175	26,130	5,017	5,048
Cash and cash equivalents at the end of year	28,125	26,175	4,846	5,017
Represented by:				
Investments	26,373	24,982	4,073	4,553
Cash at bank and in hand	1,752	1,193	773	464
Cash and cash equivalents at the end of year	28,125	26,175	4,846	5,017

The notes on pages 19 to 32 form part of these financial statements.

ABTA Limited Financial Statements for the year ended 30 June 2018

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. They comprise the financial statements of the group for the year ended 30 June 2018 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 FRS 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 and those of the restricted funds controlled by ABTA Limited as detailed in note 15.

c) Income recognition

Subscriptions relate to the membership year from 1 July 2017 to 30 June 2018. 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. Investment income relating to the year comprises interest and rent receivable.

d) Insurance claims

Insurance premiums shown in insurance claims turnover represent the gross written premiums on insurance contracts ending in the financial year. The group's policy is to account for an estimate of insurance claims when reported. Although provisions for claims are based upon the information currently available, subsequent information and events may show that the ultimate liability is less than or in excess of the amounts provided. The methods used and estimates made are continually reviewed and any resulting adjustments included in the income and expenditure account in the year in which they are made.

The loss provision on insurance activities represents an estimate of claims payable. Any change in the loss provision for the year is charged or credited to the income and expenditure account.

e) Expenditure recognition

Full provision is made for all expenditure incurred but not paid at the balance sheet date. Any amounts paid in advance are carried forward in debtors as prepayments.

f) 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.

g) 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.

Notes to the financial statements (continued)

h) Current asset investments

These comprise financial instruments and are stated in the balance sheet at fair value.

i) 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.

j) 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 an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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. Where their fair value cannot be reliably measured, they are recognised at cost less impairment. The cellular shares held in ABTA Insurance PCC Limited are held at cost.

l) 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.

m) Investments

The group's and company's investments are included at cost as there is no ascertainable market value and are subject to annual impairment reviews by the directors.

n) 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 and the expected return on pension scheme assets are charged to operating surplus. Actuarial gains and losses are taken to other comprehensive income.

Notes to the financial statements (continued)

n) 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.

o) Foreign currencies

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.

p) 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.

q) 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 estimated based on the expected usual 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.

Notes to the financial statements (continued)

2 Turnover analysis

	2018 £000s	2018 £000s	2018 £000s	2017 £000s
	Trade association activities	Insurance activities	Total	Total
Turnover				
Subscriptions	6,161	-	6,161	5,751
Outsourcing and miscellaneous Member fees	127	-	127	163
Travelife	742	-	742	592
Events and Convention	1,052	-	1,052	1,143
Other commercial activities	165	-	165	211
Other	18	1,394	1,412	1,435
Total turnover	8,265	1,394	9,659	9,295

3 (Loss) / Surplus before taxation

	2018 £000s	2017 £000s
<i>Is stated after charging/(receiving):</i>		
Depreciation of tangible fixed assets and amortisation of intangible fixed assets	327	338
Operating lease rentals of property	319	319
Foreign exchange gain	(17)	(10)
Investment income:		
interest income	(164)	(38)
rental income	(603)	(603)
Auditor's remuneration:		
for audit	53	51
for tax compliance	13	12
for pension scheme audit	5	5
for other services	15	12

4 Salaries and staff costs

	2018 £000s	2017 £000s
Wages, salaries and related staff costs – including directors	4,536	4,337
Social security costs	508	451
Employer's pension contribution - Defined contributions	375	327
Total salary and staff costs	5,419	5,115

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

	2018 No.	2017 No.
Total staff costs	91	87

During the year total remuneration in relation to key management personnel totalled £1,102k (2017: £1,039k).

Notes to the financial statements (continued)

5 Directors' remuneration included in staff costs above

	2018 £000s	2017 £000s
Highest paid director		
Gross salary and benefits	274	279
Director pension contributions	25	26
Total directors' remuneration		
Directors' gross salary	271	275
Directors' pension contribution	25	26
Directors' benefits	3	4
Directors' fees	121	106
Total directors' remuneration	420	411
	2018	2017
	No.	No.
The number of directors accruing benefits under money purchase pension schemes	1	1

6 Taxation

	2018 £000s	2017 £000s
6a Current tax:		
UK corporation tax on surplus for the year	122	77
Foreign taxation	-	1
Adjustments in respect of prior periods	(26)	(30)
Total current tax	98	48
Deferred tax:		
Origination and reversal of timing differences	(73)	(9)
Adjustments in respect of prior periods	-	7
Adjustments in relation to defined benefit pension scheme	34	(56)
Effect of tax rate change on opening balance	-	(52)
Total deferred tax	(39)	(110)
Tax on operating surplus	59	(62)

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% (2017: 19.75%).

The differences are explained below:

	2018	2017
	£000s	£000s
Surplus before tax	420	341
Surplus multiplied by the effective rate of corporation tax in the UK of 19 % (2017 – 19.75%)	80	69
Effects of:		
Fixed asset differences	1	1
Expenses not deductible for tax purposes	(4)	20
Losses carried back	-	(46)
Adjustments in relation to defined benefit pension scheme	34	(56)
Adjustments to deferred tax not recognised	(27)	(27)
Foreign tax credits	1	1
Adjustments to tax charge in respect of previous periods	(26)	(24)
Current tax charge for year (note 6(a))	59	(62)

The main rate of corporation tax reduced from 20% to 19% from 1 April 2017. A further reduction to 17% is effective from 1 April 2018.

7 Intangible fixed assets

Computer Software	Company	Group
	£000s	£000s
Cost:		
At 1 July 2017	1,311	1,688
Additions	126	126
At 30 June 2018	1,437	1,814
Depreciation:		
At 1 July 2017	1,044	1,421
Charge for year	181	181
At 30 June 2018	1,225	1,602
Net book value:		
At 30 June 2018	212	212
At 30 June 2017	267	267

ABTA Limited Financial Statements for the year ended 30 June 2018

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
Cost or valuation:				
At 1 July 2017	17,000	345	603	17,948
Additions	-	-	183	183
At 30 June 2018	17,000	345	786	18,131
Depreciation:				
At 1 July 2017	-	309	408	717
Charge for year	-	36	110	146
At 30 June 2018	-	345	518	863
Net book value:				
At 30 June 2018	17,000	-	268	17,268
At 30 June 2017	17,000	36	195	17,231

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 2017	17,000	345	603	17,948
Additions	-	-	183	183
At 30 June 2018	17,000	345	786	18,131
Depreciation:				
At 1 July 2017	-	309	408	717
Charge for year	-	36	110	146
At 30 June 2018	-	345	518	863
Net book value:				
At 30 June 2018	17,000	-	268	17,268
At 30 June 2017	17,000	36	195	17,231

The freehold interest in the property was independently valued at 30 June 2017 by Savills (UK) Limited. This valuation was in accordance with the requirements of FRS102 and the RICS Valuation – Professional Standards, January 2014 edition and the International Valuation Standards (IVS). Having taken advice, the Directors are of the opinion that its valuation as at 30 June 2018 has not changed significantly from that figure so have adopted that figure into these financial statements. This valuation was arrived at predominantly by reference to market evidence for comparable property.

Notes to the financial statements (continued)

9 Fixed Asset Investments

Investment in insurance cell in Lime Street Insurance PCC Limited	Group
	£000s
Investment at cost at 1 July 2017 and 30 June 2018	125
Foreign exchange adjustment at year end	(23)
Total	102

Investment in subsidiary undertakings	Company
	£000s
Shares at cost at 1 July 2017 and 30 June 2018	2,104

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%	544
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	Non-trading	United Kingdom	Sole guarantor	-
Total cost of investments				2,104

10 Debtors: amounts falling due within one year

	Company 2018 £000s	Company 2017 £000s	Group 2018 £000s	Group 2017 £000s
Other debtors	604	555	731	666
Prepayments and accrued income	388	503	431	564
Total	992	1,058	1,162	1,230

ABTA Limited Financial Statements for the year ended 30 June 2018

Notes to the financial statements (continued)

Debtors: amounts falling due after one year

	Company 2018 £000s	Company 2017 £000s	Group 2018 £000s	Group 2017 £000s
Due from subsidiary undertakings	1,001	1,176	-	-
Total	1,001	1,176	-	-

11 Investments

	Market Value 2018 £000s	Market Value 2017 £000s
Held by:		
ABTA Limited	4,073	4,553
ABTA Insurance PCC Limited	22,300	20,429
Group	26,373	24,982

These financial instruments comprise term deposits, fixed rate notes and certificates of deposit from financial institutions with varying maturity dates. As these instruments are tradable, they are all classified as current assets.

12 Creditors: amounts falling due within one year

	Company 2018 £000s	Company 2017 £000s	Group 2018 £000s	Group 2017 £000s
Other creditors	499	767	534	859
Corporation tax	52	77	52	77
Other taxes and social security	148	133	148	133
Accruals	529	546	614	596
Deferred income	698	326	1,806	966
Cellular shares held by other company	-	-	1,583	152
Total	1,926	1,849	4,737	2,783

	Company 2018 £000s	Company 2017 £000s	Group 2018 £000s	Group 2017 £000s
Creditors: amounts falling due after one year				
Other creditors	-	-	36	33
Total	-	-	36	33

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.

Notes to the financial statements (continued)

13 Financial assets and liabilities

	Company 2018 £000s	Company 2017 £000s	Group 2018 £000s	Group 2017 £000s
<i>Financial assets</i>				
Financial assets measured at amortised cost	6,627	1,300	27,322	2,077
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost	1,028	1,313	1,148	1,640

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.

14 Provisions for liabilities

	Company 2018 £000s	Company 2017 £000s	Group 2018 £000s	Group 2017 £000s
14a Deferred Taxation				
At 1 July	820	923	820	923
Transfer to Statement of Comprehensive Income	277	(103)	251	(103)
Balance at 30 June	1,097	820	1,071	820

The provision for deferred taxation has been calculated based on a composite corporation tax rate of 17% (2017: 17%).

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 £7k as at June 2018 (2017: £9k). The provision represents a prudent 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.

	2013 £000s	2014 £000s	2015 £000s	2016 £000s	2017 £000s	2018 £000s
At 12 month stage	831	621	129	125	215	102
At 24 months	804	351	142	72	-	-
At 36 Months	804	351	-	-	-	-
At 48 Months	804	-	-	-	-	-
At 60 months	-	-	-	-	-	-
Paid to date	(804)	(351)	(142)	(72)	(215)	(95)
Outstanding at 30 June 2018	-	-	-	-	-	7
Improvement/ (deterioration) from 12 month stage	27	270	(13)	53	-	-

Financial Risk Management

The company monitors and manages its financial risks relating to insurance contracts. The group's only assets held for insurance purposes consist of cash and investments held in pounds sterling by the cell. There is, therefore, no currency or market price risk. The liquidity of the cell is overseen by Guernsey regulators and capital or loan finance will be injected to meet specified requirements.

ABTA Limited Financial Statements for the year ended 30 June 2018

Notes to the financial statements (continued)

15 a) Accumulated Fund

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

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) see note 9. An insurance policy was written with the AIPCC to deal with any claims relating to the fund. In the year to 30 June 2018 claims paid were £nil (2017: £nil).

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 2018, ABTA made contributions of £524k (2017: £524k) towards the deficit.

Actuarial valuation at 1 July 2015

The latest actuarial valuation of the scheme, carried out by the scheme's independent professionally qualified actuary, was at 1 July 2015 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 89% of the scheme's liabilities leaving a deficit of £2,303k. A summary of the method assumptions used by the scheme's qualified actuary were as follows:

- The discount rate to be applied to the scheme liabilities is 5.3% before retirement and 3.7% after retirement.
- Salary growth is 3.9%.
- Pension increases on pre-1 July 2003 service are 5% and 3.3% on post-1 July 2003 service.
- The future benefit accrual has been determined using the Projected Unit Method.

Following agreement between ABTA and the scheme trustees, a recovery plan was implemented as follows:

- Annual contributions remain at £524k.
- The trustees and employer agreed that the trustees' charge of £3,500k over property assets owned by ABTA would not be renewed following the expiry of the agreement on 30 September 2016.

If experience is in line with the assumptions underlying the actuarial valuation it is expected that this will be sufficient to eliminate the deficit on an on-going basis by 31 May 2020.

Valuation assumptions

ABTA's appointed actuary for the purposes of carrying out the valuation at 30 June 2018 in accordance with Financial Reporting Standard 102, section 28 adopted the following major assumptions:

	30 June 2018	30 June 2017
Rate of increase in salaries	3.8% pa	4.1% pa
Rate of increase in pensions in payment	3.2% - 5.0% pa	3.4% - 5.0% pa
Rate used to discount scheme liabilities	2.7% pa	2.7% pa
Inflation assumption	3.3% pa	3.6% pa
Base mortality table	S2PMA/S2PFA	S2PMA/S2PFA
Mortality projection basis	CMI (2017) projection model with a long term rate of 1% pa	CMI (2016) projection model with a long term rate of 1% pa

Notes to the financial statements (continued)

16 Net pension liabilities (continued)

Major categories of plan assets as a percentage of total scheme assets	30 June 2018	30 June 2017
UK & overseas equity funds	47%	46%
Fixed Interest funds	43%	43%
Annuity policies	10%	11%

Balance Sheet	30 June 2018	30 June 2017
	£000s	£000s
Fair value of scheme assets	24,926	24,443
Defined benefit obligation (DBO)	(27,547)	(29,167)
Deficit	(2,621)	(4,724)
Funding level	90%	84%

Analysis of the amount charged to net pension financing costs	30 June 2018	30 June 2017
	£000s	£000s
Expected return on pension scheme assets	(655)	(666)
Interest on pension scheme liabilities	775	804
Total pension financing cost	120	138
Total charge to profit and loss	120	138

Analysis of the amount recognised in the other comprehensive income	30 June 2018	30 June 2017
	£000s	£000s
Actual return less expected return on pension scheme assets	210	1,714
Experience gains arising on the scheme liabilities	768	142
Changes in assumptions underlying the present value of the same liabilities	721	(2,106)
Actuarial gain/(loss) recognised in other comprehensive income	1,699	(250)

Analysis of changes in the present value of defined benefit obligation (DBO)	30 June 2018	30 June 2017
	£000s	£000s
Opening defined benefit obligation	29,167	27,200
Interest cost	775	804
Actuarial experience gains	(768)	(142)
Change in actuarial assumptions	(721)	2,106
Benefits paid	(906)	(801)
Closing defined benefit obligation	27,547	29,167

Analysis of changes in the fair value of assets	30 June 2018	30 June 2017
	£000s	£000s
Opening fair value of assets	24,443	22,340
Expected return	655	666
Employer's contribution	524	524
Actuarial experience gains	210	1,714
Benefits paid	(906)	(801)
Closing fair value of assets	24,926	24,443

Amounts for the current & previous four periods	2018	2017	2016	2015	2014
	£000s	£000s	£000s	£000s	£000s
Fair value of scheme assets	24,926	24,443	22,340	20,423	19,110
Defined benefit obligation	(27,547)	(29,167)	(27,200)	(23,982)	(22,094)
(Shortfall)	(2,621)	(4,724)	(4,860)	(3,559)	(2,984)
Experience adjustment on assets	210	1,714	1,063	382	225
Experience adjustment on DBO	768	142	245	471	-

Notes to the financial statements (continued)

16 Net pension liabilities (continued)

Projected amount charged to the profit and loss account for 2018-19	30 June 2019
	£000s
Expected return on assets	672
Interest cost	(736)
Total charge to profit and loss	(64)
Projected deficit for year ending 30 June 2019	30 June 2019
	£000s
Opening deficit	(2,621)
Expected charge to income and expenditure	(64)
Expected Employer contributions	524
Projected deficit	(2,161)
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%

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.

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2018	2017	2017
	Land &	Other	Land &	Other
	Buildings		Buildings	
	£000s	£000s	£000s	£000s
Not later than 1 year	422	4	461	14
Within 2 to 5 years	1,767	7	615	5
Total	2,189	11	1,076	19

ABTA leases out its investment property. At 30 June 2018, the company had rental income due not later than one year of £453k.

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. ABTA has, in the past, borne the cost of Members' failures conducting Retail Activities which were in excess of Bonds and the insurance indemnity shortfall policy.

During the financial year ended 30 June 2018, ABTA dealt with claims in respect of ABTA Members as follows:

	2018	2017
	£000s	£000s
Failure of Members conducting principal activities	104	3,286
Failure of Members conducting retail activities	111	268
Total claims	215	3,554
	2018	2017
The number of ABTA members who failed during the year was as follows:		
Failure of Members conducting dual activities	1	1
Failure of Members conducting principal activities	3	3
Failure of Members conducting retail activities	1	1
Total failures	5	5

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 2018 ABTA was responsible for funds totalling £883K (2017: £2,298k). These sums represent funds called in and not yet distributed, together with accumulated interest.

Pipeline Monies

Certain funds relating to failed Tour Operators ("pipeline monies") are held by ABTA as trustee. On 13 December 2018 the account was closed and funds totalling £3k were moved to Miscellaneous Trust account which is also a separate designated account.

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 2018 the balance held in the scheme was £18m (2017: £17m) and is not reflected in ABTA's balance sheet. This was transferred out in accordance with the scheme on 2 July 2018.