

ABTA Limited
Company number 551311
Consolidated Annual Report and Financial Statements
for the Year Ended 30 June 2023

ABTA Limited
Financial Statements for the year ended 30 June 2023

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Corporate governance statement

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

General

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

The Board reviews and approves the annual business plan, revenue and capital budgets, monitors performance in relation to approved budgets, and monitors the activities of ABTA's subsidiary companies, which have separately constituted boards of directors.

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

The Board comprises a minimum of seven persons and a maximum of 14. The composition of the Board is intended to ensure it has the optimum level of expertise to allow it to carry out its responsibilities on behalf of ABTA Members 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 being 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 be a Member of ABTA.

At 30 June 2023 there were 13 Board members and one vacancy.

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

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

Financial Reporting

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

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

Risk Management

ABTA's Board, the Chief Executive and his Senior Leadership Team examine on a continual basis the major strategic, business and operational risks which ABTA faces and have established a system that ensures that risks are reviewed and reported regularly at all levels of ABTA, and that appropriate action is in place to mitigate the significant risks. ABTA's Executive Risk Management Group meets four times a year to review and consider input from all departments to ensure that all risks applicable to ABTA are identified and are being effectively managed. In addition, all risks are reviewed twice a year as an integral part of the business planning process.

ABTA Limited

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Corporate governance statement (continued)

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

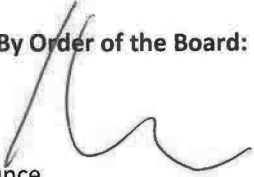
Controls and Procedures

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

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

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

Approved By Order of the Board:



Simon E Bunce
Secretary
30 Park Street
London SE1 9EQ

28 March 2024

ABTA Limited

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Strategic Report

1. Strategic Management

ABTA is a trade association, representing the interests of its Members, and servicing their business needs. Some of these services are supplied through subsidiary companies, principally ABTA Insurance PCC Limited (AIPCC) 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 UK travel industry experienced a broadly strong 12 months in the 2022-23 financial year, the first period uninterrupted by UK COVID travel restrictions since 2019, and with most international restrictions relating to the pandemic also lifted.

ABTA remained intensely engaged with the Government and opposition, and other policy stakeholders, across a very broad range of issues and departments. Transport and travel have an important role to play in UK economic thinking - not only does the sector contribute £49bn of GVA and support 900,000 jobs across the country (according to an ABTA report from November 2022), it makes viable all the links that are necessary for us to be part of the international economy.

In particular, in 2022-23 ABTA continued to liaise closely with the Civil Aviation Authority over its review of the ATOL consumer protection scheme. ABTA's position at the centre of a diverse industry enabled us to ascertain views among membership and industry stakeholders, bringing home the diversity of business models that exist, and the need for a plurality of protection solutions.

At the end of the year, we awaited the next steps in the review by the Department for Business & Trade of the Package Travel Regulations, keen that the two systems be harmonised to eliminate unnecessary duplication.

ABTA was pleased to be invited to represent the outbound tourism sector on the Aviation Council, a body established under the UK's Aviation Minister to bring together aviation's main stakeholders.

To help ease staffing challenges for some parts of the sector, ABTA lobbied for the introduction of a bilateral youth mobility scheme, in fora including its annual Travel Matters conference on policy in travel and tourism.

ABTA's interaction with Government continued to cross many different departments, ranging from the Department for Transport, DCMS and FCDO to Business & Trade and the Treasury, and more. With each, the approach was to present policymakers not with more problems but instead with practical solutions. ABTA spoke not only for the industry but also for the travelling public, whose interests are always paramount.

ABTA also continued to coordinate the industry-wide Future Travel Coalition, bringing the sector together to coordinate messaging and unite lobbying efforts.

3. Strategic Risks

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

The trading environment improved for most ABTA members during 2022-23, though many emerged from the impact of the pandemic at different paces.

Strategic Report (continued)

3. Strategic Risks (continued)

The appetite for international travel seemed to be undimmed, with some of this driven by people who had not travelled during the pandemic taking the step to do so; additionally, the acute manpower shortages seen in some parts of the sector in spring 2022 abated.

However, the position at the end of the financial year was one of the sector not being 'out of the woods yet'. Many customers were still in a cost of living squeeze with an inflation rate in the high single digits at the end of the financial year, which in turn kept interest rates and mortgage costs high. Some travel companies were still burdened with the debt overhang from the pandemic, at higher interest rates. And the economy overall was sluggish, with growth either flat or marginal at best.

Even before the start of the Israel-Gaza conflict a few months after the 2022-23 financial year, travel and tourism was operating in a climate of geopolitical uncertainty, led by the conflict in Ukraine which itself led to higher prices for fuel, energy and other commodities.

All told, this meant that our market continued to be driven by value, with many consumers price conscious and many companies continuing to focus on cost control.

ABTA's Holiday Habits report, published in October 2023, showed that in the 12 months to August 2023, 52% of people took an overseas holiday. While an increase from 45% the previous year, it remained below the pre-pandemic peak of 64% in the year to August 2019.

Encouragingly, however, the same report showed that 64% of people in the UK intend to take an overseas holiday between September 2023 and August 2024 – if that is realized, the market will have returned to pre-pandemic levels. Of course, it remains to be seen if intention will translate into reality; while at time of writing the signs are good that this may happen, the economic and geopolitical environment means positive consumer confidence in travel cannot be taken for granted.

The ABTA Plan 2022-2025 sets out a programme of work that is in line with the purpose of the Association, supports a diverse membership in a changing industry, maintains the prominence of the ABTA brand, delivers an engaged workforce capable of taking the Association forward, and returns ABTA to a steady-state, self-supporting financial model.

ABTA's 2022-2025 Plan addresses the core strategic risks as follow:

- **Risk that ABTA is not seen as the leading voice of the outbound sector**
 - A number of significant Regulatory reviews have either commenced or are envisaged in the life of the Plan. ABTA will ensure that it continues to be seen as an authoritative voice on behalf of leisure and corporate travel.
- **Risk that ABTA services are not seen as value for money by Members.**
 - ABTA's review of services confirmed demand for the current service offering. Work will be undertaken to deliver these services efficiently, whilst keeping ABTA's and the Members' costs to a minimum.
 - The communication channels and structures relating to the pandemic will be reviewed and kept in a state of readiness for re-activation, if necessary. ABTA will continue to press the Government concerning a number of shortcomings which exacerbated the negative impact of the pandemic on Members.
 - ABTA will work with Members and Education Partners to promote the industry as an attractive place to work, and highlight the broad range of roles available, including through apprenticeships.
 - ABTA will ensure that the ABTA Brand remains emblematic of high standards and values and inspires in customers confidence to book with ABTA Members.
- **Risk that ABTA Members do not develop compelling sustainability programmes**
 - ABTA will push on from its Tourism for Good report to demonstrate Members' progress towards a more sustainable travel model, in respect of climate change and other environmental and social impacts.
- **Risk that ABTA is not able to recruit and retain talented staff.**
 - ABTA comprises a range of subject-matter specialists, as well as staff committed to the effective delivery of its services. Active development of ABTA's employer brand, and all that feeds into that brand, is required to ensure the continuity of service provision.

Strategic Report (continued)

3. Strategic Risks (continued)

- **Risk that ABTA Ltd does not return to a breakeven operating result within the life of the plan.**
 - ABTA's goal of delivering a breakeven operating result will be achieved through growing non-subscription revenues, and maintaining strict cost control, in order to deliver maximum value to Members.

Other Significant Risk Areas:

Financial Protection

The current economic climate has increased the risk of ABTA Members failing. The risk to the Group would be if it held insufficient bonding cover from a Member to pay refunds arising from that Member's failure. This would cause a drain on the captive insurance company's reserves. It is important to note that the risk to ABTA of individual companies failing without sufficient bonding in place is not necessarily increased at this time. ABTA has taken active steps to ensure bonding levels remain adequate including additional and more frequent monitoring of Members and customer monies held.

Subscription Income

There is a risk that ABTA's subscription income is significantly reduced either due to a large number of failures of Members or, because of depressed trading levels, Members are either unable or unwilling to pay their subscriptions. Steps have been taken to ensure that ABTA has the flexibility to adjust to changing revenue levels. The 2022-2025 Plan includes growth of non-subscription revenue, cost control and a review of the subscription model and the services delivered by ABTA to ensure that ABTA continues to deliver value within the constraints of its resources.

Financial instruments and financial risk management objectives

The Group is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities in respect of its insurance business carried out by its subsidiary, AIPCC. In particular, a current financial risk to AIPCC is that its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due.

The components of this financial risk are market risk (including interest rate risk, other price risk and currency risk), credit risk and liquidity risk. Interest rate risk is managed by investment guidelines set by the Group and by Guernsey regulatory requirements in relation to the insurance business.

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

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

4. Business Performance and Key Performance Indicators (KPIs)

ABTA is managed by both financial and non-financial KPIs through the organisation's business plan and budget. A three-year strategic plan was set in 2022 to shape the future of the organisation as outlined above.

Whilst 57 Members left the Association in the year under review, 22 new Members joined, bringing the year-end membership number to 831 (2022: 866). This reduction reflects the ongoing impact on post pandemic recovery, with several Members ceasing to trade or failing financially, and continuing consolidation within the industry. Managed branch numbers ended at 416 (2022: 450).

In recognition of the difficult circumstances still faced by Members, minimum subscriptions were not increased and subscription collections were deferred until January (50%) and April (50%). An inflationary increase of 10% was put on all other member subscription rates. ABTA's commercial revenue saw further recovery, with the more face-to-face events, high Partner scheme retention and positive growth of Travel Sure insurance (ABTA's consumer insurance product).

4. Business Performance and Key Performance Indicators (KPIs) (continued)

An overall group surplus after taxation of £2,061k (2022: £296k as restated) was made, of which a loss of £228k (2022: £271k loss) related to Trade Association activity and a surplus of £2,289k (2022: £565k surplus as restated) to Insurance activities.

The group profit, together with the effect of the actuarial loss on the pension scheme of £394k (2022: £1,418k loss) net of tax, increased ABTA's group net assets by £1,667k (2022: £1,714k as restated) to £28,957k (2022: £27,290k as restated).

Public Affairs – ensuring the voice of ABTA members is heard by policymakers

ABTA continues to represent the views of members to policymakers through active participation in industry working groups and direct meetings with parliamentarians, Ministers and senior government officials in Westminster, the devolved administrations, and Europe. As a central part of this advocacy work, ABTA continues to promote the value of the UK travel industry, share our expertise, and keep politicians updated on the challenges the industry faces across the four nations of the UK.

We also remain committed to showing leadership across the industry when it comes to lobbying, as demonstrated by ABTA's role on the government's Aviation Council (formed 2023), involvement with parliamentary groups, and our continued coordination of the Future Travel Coalition, which brings together a number of travel trade bodies and organisations to exchange information and lobby collectively on matters of common interest.

Raising the profile of our sector and taking a central role in critical policy debates

In November 2022, ABTA – working with industry partners UKinbound – published an authoritative report on the value of international travel to the UK economy, which found that international travel contributes £80bn a year in Gross Value Added (GVA) to the UK economy and supports the employment of nearly 1.5m people across the UK. Outbound travel is responsible for the largest part of that economic and employment footprint, accounting for £49bn of GVA and 840,000 jobs.

We know that data, backed by reliable and verifiable sources, are critical to making our case persuasively and for telling the story of how important the success of UK travel is for the health of the wider UK economy. For the first time, this includes figures at the constituency level on the value of outbound, inbound, and domestic travel and tourism. The report, which includes research which ABTA commissioned from York Aviation, will underpin our engagement activity right up to the next General Election.

As the UK and the industry have emerged from the pandemic, the attention of policymakers has turned to broader policy and regulatory matters which will be vitally important in shaping the future of the UK travel industry, and ABTA is playing a central role in advocating for its members across a number of areas.

Perhaps most notably, the Government and regulators are currently reviewing the consumer protection framework that supports holidays, with the Civil Aviation Authority (CAA) progressing work on the reform of the ATOL scheme – with firm proposals expected in late 2023 - and the Department for Business and Trade (DBT) due to review the Package Travel Regulations. ABTA led a thorough consultation exercise to inform our response to the CAA's latest ATOL reform request for information: we conducted Financial Protection Focus Groups with members, industry stakeholders and financial services providers, and sought the views of the ABTA membership through an all-member survey, engagement with our longstanding policy committees, and the ABTA Member Video Conference Calls. We will continue to follow developments closely, keep members informed, and ensure members' voices are heard as these reforms continue in the year ahead.

4. Business Performance and Key Performance Indicators (KPIs) (continued)

Educational reform is another area which will have a lasting impact on the industry. As part of the government's wider educational reform agenda, including the introduction of T-levels, existing courses on travel and tourism at level 3 (16-19-year-olds) will be defunded in September 2026.

In response, ABTA has convened the Travel and Tourism Education and Skills Working Group. Bringing together educational providers, senior industry representatives, and figures from colleges and universities, this group is looking to develop replacement courses – informed by engagement with employers across the sector – that can be approved in time to take the place of the current courses as those are withdrawn in line with the government's reform process.

Additionally, ABTA continues to raise with policymakers the challenges for industry that arise from the current UK-EU relationship, including labour mobility problems and border and passport issues. ABTA, working with the Seasonal Businesses in Travel (SBiT), has launched a report on the importance of UK-EU mobility for the industry. The report found that overall employment within the industry in temporary roles across the EU has declined by 45% since 2017, rising to 69% for UK nationals in those roles. The proportion of young people (18–24-year-olds) working in travel in those roles has fallen from 62% to 42%, and 64% of businesses report their costs of hiring staff (per-employee) have increased by over 30% in the same period.

These findings are concerning for operational reasons today but, equally, given that over a third of today's industry workforce has experienced a season overseas and that nearly 50% of the industry's leaders started in those roles, the long-term consequences for talent within the sector could be significant. ABTA is advocating for pragmatic policy solutions which can address these concerns, including extending the Youth Mobility Scheme to EU countries, on a bilateral basis or between the UK and EU, as well as other important moves, such as an agreement on the mutual recognition of professional qualifications.

Meanwhile, on school, youth, and other travel involving coach groups, we raised members' concerns with Number 10, FCDO (particularly following the Easter holiday delays experienced at the Port of Dover) and Home Office officials. In a Joint Leader's Declaration, the UK and France committed to expanding cooperation on school education and facilitating school trips and exchanges.

We've also closely watched parliamentary developments – including the Animals (Low Welfare Activities Abroad) Bill. If passed, this Bill will ban the sale and advertising of activities abroad that involve low animal welfare standards, with our animal welfare guidelines referenced numerous times in various debates on the Bill in both Houses of Parliament. ABTA has maintained a close relationship with DEFRA officials to ensure they understand the industry's position. A consultation on Statutory Legislation is due in late 2023 (if the Bill passes its parliamentary stages before the end of the current session).

Finally, ABTA's policy events programme, such as the Aviation Forum, Travel Matters and other parliamentary events, has continued to bring to life the major debates facing our sector, enabling members to speak directly to the politicians and officials that are developing the regulatory frameworks that ABTA's members operate within.

'Travel with confidence' campaign and the ABTA brand

The 'Travel with confidence' campaign reminded people about the importance of holidays and making memories with family and friends. The overarching message was "book with an ABTA member, to travel with confidence". The lead campaign ran from December 2022 to February 2023.

Phase 1 started with radio advertising on Heart UK digital, which has strong listenership among the key family market. The advert ran for four weeks and was heard 12.1 million times.

We produced several videos for our social advertising, featuring customers of ABTA members sharing why they always look for the ABTA logo when booking their holiday and the benefits of booking with an ABTA member. We produced a longer 'hero' video, which was launched on Facebook on and rolled out across Reddit and Pinterest. We went on to produce six 15-second videos, for other social media channels.

Looking at the wider ABTA brand, people associate ABTA with many positive attributes. 81% associate ABTA with confidence, 80% of consumers associate ABTA with being reassuring, 77% of consumers associate ABTA with being reliable, 81% of consumers associate ABTA with being safe, 79% of consumers associate ABTA with being experts.

ABTA Limited
Financial Statements for the year ended 30 June 2023

Strategic Report (continued)

4. Business Performance and Key Performance Indicators (KPIs) (continued)

Media coverage

ABTA has been in close contact with the media throughout the year, both proactively and reactively supporting members, in particular in countering media “travel chaos” stories. This has resulted in 288 TV and radio interviews and broadcast mentions with contributions from members of the Senior Leadership Team and other ABTA spokespeople as well as 2,052 pieces of coverage in the national, local and trade media.

Claims

We entered the 2022/23 membership year following a much quieter 12 months in terms of claims management with just six failures in 2021/22. This was a significant reduction from the 27 failures that occurred during 2020/21, when the pandemic was at its height, producing significant numbers of claims.

At the start of 2022/23, we had over 155 claims which remained open and were being processed, all of which having been submitted during the previous year. We also continued to receive some occasional enquiries in relation to failures which occurred during 2020/21, particularly in relation to South Quay Travel & Leisure Ltd (CMW) and Team Tours Ltd, both complex failures. These failures have now been closed.

During this financial year we have seen only two failures. We paid £95k on claims from failures that happened during 2020/21 and £120k on claims from failures that happened during 2021/22. There were no calls on the AIPCC shortfall insurance policy during 2022/23.

Sustainability

The Sustainability team continues to deliver its objectives through ABTA specialist working groups.

The Sustainability Committee continues to present engaging issues to its members, tabling topics which are pertinent to members to inform and assist their sustainability strategies working collaboratively with a variety of industry stakeholders.

In March 2023 Deloitte provided an overview of Environmental, Social and Governance (ESG) emerging trends and incoming reporting regulations which will be relevant to travel brands in helping them Integrate reporting into their organisation and how they can leverage reporting to drive value.

ABTA continues to use its membership of SA (Sustainable Aviation) to inform our members on the work undertaken by the Government and SA to improve aviation’s carbon footprint.

In June 2023, Sustainable Aviation presented its updated Net Zero Carbon Roadmap.

The roadmap draws on expertise from all corners of the UK aviation industry, including airlines, airports, aerospace manufacturers, air navigation service providers and wider supply chain and innovation organisations.

The Sustainability team is working collaboratively with the Public Affairs team where we continue to provide updates and guidance on the Animals (Low-Welfare Activities Abroad) Bill to group members.

We continue to work with a variety of technical partners to provide support to members of all shapes and sizes to develop their sustainability programmes.

ABTA Limited

Financial Statements for the year ended 30 June 2023

Strategic Report (continued)

4. Business Performance and Key Performance Indicators (KPIs) (continued)

Destinations

The services provided by the Destinations team evolved during the last financial year as we moved towards business as usual following the pandemic. During the first six months there was a significant and positive shift in approach by destination governments to the management of entry restrictions imposed in relation to COVID-19; however, some destinations reintroduced local mandatory requirements such as the wearing of face coverings on transport and public spaces and information and advice was provided to members to support this transition.

Working with members on their winter and summer resilience plans, and as part of our destination engagement, we updated the online supplier training tool to reflect the changing landscape of safety management, for members to share with their suppliers and help support their reintroduction of business as usual, health, safety and security measures.

We continue to work closely with the Foreign Commonwealth and Development Office (FCDO), UK Health Security Agency (UKHSA), NaTHNaC Counter Terrorism colleagues, Tourist Boards and destination authorities. The FCDO conducted a full travel advice review and the team provided comprehensive feedback recommending content and style changes to the FCDO for consideration, the majority of which have been adopted.

A full review of the ABTA Tourism Accommodation Health & Safety Technical Guide was conducted in conjunction with a team of expert consultants and the revised 2023 version of the publication was launched in March. Translated versions of the new technical guide have also been produced and are available in eight languages as downloadable guides for members and their suppliers.

ABTA produced and circulated 1599 Operational Bulletins covering events, incidents, health and safety updates and changes to the FCDO travel advice. ABTA has 1497 subscribers to the operational bulletin service.

ABTA Partner scheme

On 30 June 2023, we had 173 Partners, including 37 Partner+.

ABTA Partners continued to see good value, with 86% either satisfied or very satisfied with the service. However, we did see a slight drop in Partner+ numbers mainly due to the impact of M&A, business liquidation and an increased focus on different verticals.

Customer Financial Products

In the last twelve months booking levels have largely returned to pre-pandemic levels and we have continued to grow and develop our financial product offers, contributing to ABTA's non-subscription income by using the positive associations and trust associated with the ABTA brand to give consumers confidence when choosing travel related financial products.

Previously known as 'Travel Sure', ABTA Travel Insurance has continued to grow with an increase in policy sales to 16,765 (2022: 15,700). Customers can arrange travel insurance policy underwritten by AXA online and over the phone ensuring the peace of mind provided by cover from two well established and trusted travel brands. Members can also gain commission by acting as an Introducer Appointed Representative (IAR) awareness of which we are looking to grow over the next twelve months.

ABTA Travel Money was launched in December 2022 to complement the existing Travel Insurance offer available to customers. The Travel Money service is available online and currency is then available for home delivery or pick up at 190 outlets throughout the country.

4. Business Performance and Key Performance Indicators (KPIs) (continued)

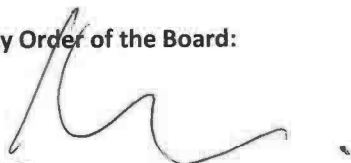
Conferences and events

Over the past year ABTA has run a varied events programme including annual conferences, training days, free member webinars and regional events. Conferences and training days have all been in-person with a total of 42 conferences and training days taking place. ABTA events attracted 1819 delegates across the year. Annual events included Travel Finance, Travel Marketing, Travel Matters and Sustainable Travel. ABTA celebrated the 25th anniversary of its industry-leading Travel Law Seminar, which attracted 167 legal professionals from across the travel industry for two days of presentations, panel discussions and networking. Practical training days have covered a variety of topics including health, safety and security, an introduction to the travel industry, a guide to the Package Travel Regulations and PR in travel. The events have been well received with an average feedback score across the year from delegates of 4.5 out of 5.

Customer Information

Our 'Travel with confidence' offer is also about the advice and guidance ABTA offers to members' customers and the Alternative Dispute Resolution Service we provide to help resolve disputes where customers and members are unable to reach a mutual and agreeable outcome. During the year, Customer Information dealt with 11,858 individual cases and there were 375 customer arbitration awards made.

Approved By Order of the Board:



Simon E Bunce
Secretary
30 Park Street
London SE1 9EQ

28 March 2024

ABTA Limited

Financial Statements for the year ended 30 June 2023

Directors' Report

The board of directors submits its Strategic Report, Directors' Report and the Financial Statements for the year ended 30 June 2023.

1. Directors

The names of the members of the board of directors during the year ended 30 June 2023 were:

Alistair Rowland (Chairman)
Mark Tanzer (Chief Executive)
Derek Jones
Jamie Gardiner
Daniele Broccoli
Adam Murray
Stephen Heapy
Ruth Marshall
Garry Wilson
Andrew Flintham
Ailsa Pollard
Amanda Amroliwala (term ended on 24 November 2023)
Rt Hon Baroness Stowell of Beeston

ABTA provided 3rd party indemnity insurance for all the directors throughout the year ended 30 June 2023.

2. Going Concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of contingent events in making their assessment.

Such contingent events include any significant failures of Members in respect of which ABTA is holding security to provide financial protection to their customers or other third parties. In addition to bonds or other security provided by such Members, ABTA has insurance cover provided by ABTA Insurance PCC Limited. As an approved body under the Package Travel and Linked Travel Arrangements Regulations 2018, the terms of the insurance are approved by the Department for Business & Trade under those Regulations.

The Directors have performed a robust analysis of forecast future cash flows, considering the potential impact on the business of possible future Member failures. The assessment performed did not identify any material uncertainties that may cast doubt on the future viability of the ABTA group and therefore it is appropriate for the financial statements to have been prepared on a going concern basis.

3. Charitable donations

Charitable donations totalling £13,747 (2022: £12,898) were paid during the year ended 30 June 2023. Included in the charitable donations was £12,997 (2022: £12,760) to ABTA Lifeline, ABTA's charitable trust for those in the travel industry who have fallen upon hard times.

4. Auditor

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

5. Strategic report

The directors have prepared a separate Strategic Report incorporating the business review, risks and uncertainties, as well as financial risk management objectives and policies, including information on exposure to liquidity and cash flow risk. This is set out on pages 3-10.

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Directors' Report (continued)

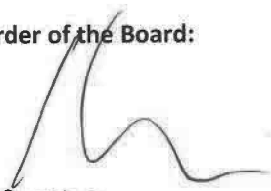
6. Statement of disclosure of information to auditors

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 March 2024

30 Park Street, London, SE1 9EQ

ABTA Limited

Financial Statements for the year ended 30 June 2023

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 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 2023

Independent Auditor's Report to the Members of ABTA Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's results for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ABTA Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2023 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group and Company Statement of Changes in Equity and the Group and Company Cash Flow Statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ABTA Limited

Financial Statements for the year ended 30 June 2023

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

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

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

ABTA Limited

Financial Statements for the year ended 30 June 2023

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

Our procedures in respect of the above included:

- Review of the parent company's documentation of risks and associated mitigating actions to ensure these were in line with our expectation based on the industry in which the Parent Company operates;
- Review of Board and Finance Committee meeting minutes for any instances of non-compliance with laws and regulations;
- Enquiries of management regarding any matters which might indicate a breach of applicable laws and regulations, and agreeing to corroborating documentation were necessary;
- Inspection of regulatory and legal correspondence if any; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

As part of designing our audit, we assessed the risks of material misstatement in the financial statements, including how fraud may occur. We considered the Parent Company's own assessment of the risks that irregularities may occur either as a result of fraud or error and held discussions to consider whether there was any knowledge of actual, suspected or alleged fraud. As part of our discussions, we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Where possible, we obtained and reviewed corroborating documentation.

We also completed the following procedures:

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

ABTA Limited

Financial Statements for the year ended 30 June 2023

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Gareth M Jones

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Gareth M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 30 March 2024

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 2023

**Group Statement of Comprehensive Income
for the year ended 30 June 2023**

	Notes	2023 £000s Trade association activities	2023 £000s Insurance activities	2023 £000s Total	2022 £000s Total (restated)
Turnover	2	8,832	3,213	12,045	9,938
Insurance claims, net of recoveries		-	(123)	(123)	213
Gross surplus		8,832	3,090	11,922	10,151
Administration expenses		(9,756)	(1,148)	(10,904)	(10,051)
Other operating income – rental income		-	-	-	88
Operating (deficit) / surplus before investment income and tax		(924)	1,942	1,018	188
Investment income and gains / (losses) on investments		361	347	708	(81)
(Deficit) / surplus before taxation	3	(563)	2,289	1,726	107
Taxation	6	335	-	335	189
(Deficit) / surplus for the year after taxation		(228)	2,289	2,061	296
Other comprehensive income (Deficit) / surplus for the year		(228)	2,289	2,061	296
Actuarial (loss) / gain on defined benefit pension scheme	16	(525)	-	(525)	1,890
Movement in related deferred tax asset	14	131	-	131	(472)
Total other comprehensive (expense) / income		(394)	-	(394)	1,418
Total comprehensive (expense) / income for the year		(622)	2,289	1,667	1,714

All activities relate to continuing activities.

The notes on pages 23 to 42 form part of these financial statements.

ABTA Limited

Financial Statements for the year ended 30 June 2023

**Group balance sheet
at 30 June 2023**

	Notes	Trade association activities £000s	Insurance activities £000s	2023 £000s	2022 £000s (restated)
Fixed assets					
Intangible fixed assets	7	146	-	146	175
Tangible fixed assets	8	134	-	134	182
Investments	9	16,166	-	16,166	92
		16,446	-	16,446	449
Current assets					
Debtors amounts falling due within one year	10	1,126	122	1,248	994
Debtors arising out of insurance operations	10	-	923	923	474
Investments	11	1,742	11,266	13,008	28,111
Cash at bank and in hand		495	1,036	1,531	2,919
		3,363	13,347	16,710	32,498
Creditors: amounts falling due within one year	12	(2,818)	(195)	(3,013)	(4,469)
Net current assets		545	13,152	13,697	28,029
Total assets less current liabilities		16,991	13,152	30,143	28,479
Provisions for liabilities					
Deferred taxation	14a	489	-	489	40
Loss provision on insurance activities	14b	-	(821)	(821)	(617)
		489	(821)	(332)	(577)
Net assets excluding pension liabilities		17,480	12,331	29,811	27,902
Net pension liabilities	16	(854)	-	(854)	(612)
Net assets including pension liabilities		16,626	12,331	28,957	27,290

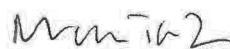
Represented by:					
Restricted Retail Fund	15a	543	-	543	543
Restricted Principals' Fund	15a	3	-	3	3
Accumulated Fund	15b	16,080	12,331	28,411	26,744
Total Reserves		16,626	12,331	28,957	27,290

These financial statements were approved by the board of directors and authorised for issue on 28 March 2024

Signed on behalf of the board of directors by



Alistair Rowland
Chairman



Mark Tanzer
Chief Executive

The notes on pages 23 to 42 form part of these financial statements.

ABTA Limited**Financial Statements for the year ended 30 June 2023****Company balance sheet
at 30 June 2023**

	Notes	2023 £000s	2022 £000s
Fixed assets			
Intangible fixed assets	7	106	124
Tangible fixed assets	8	134	182
Investments	9	18,270	2,104
		18,510	2,410
Current assets			
Debtors: amounts falling due - within one year	10	1,096	890
- after one year	10	1,194	1,145
Investments: amounts falling due - within one year	11	1,742	19,190
Cash at bank and in hand		317	850
		4,349	22,075
Creditors: amounts falling due within one year	12	(2,084)	(2,983)
Net current assets		2,265	19,092
Total assets less current liabilities		20,775	21,502
Provisions for liabilities			
Deferred taxation	14a	489	40
Net assets excluding pension liabilities		21,264	21,542
Net pension liabilities	16	(854)	(612)
Net assets including pension liabilities		20,410	20,930
Represented by:			
Restricted Retail Fund	15a	543	543
Restricted Principals' Fund	15a	3	3
Accumulated Fund	15b	19,864	20,384
Total Reserves		20,410	20,930

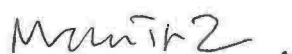
The company has taken advantage of the exemption under Section 408 (3) of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The company's net loss after tax for the year was £126k (2022: loss of £125k).

These financial statements were approved by the board of directors and authorised for issue on 28 March 2024

Signed on behalf of the board of directors by



Alistair Rowland
Chairman



Mark Tanzer
Chief Executive

Company registration number: 551311

The notes on pages 23 to 42 form part of these financial statements.

ABTA Limited**Financial Statements for the year ended 30 June 2023****Group and company statement of changes in equity at 30 June 2023****Reserves at 30 June 2023**

Group	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2022	543	3	26,744	27,290
Profit for the year	-	-	2,061	2,061
Other recognised losses	-	-	(394)	(394)
Redemption of cellular shares	-	-	-	-
As at 30 June 2023	543	3	28,411	28,957

Company	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2022	543	3	20,384	20,930
Loss for the year	-	-	(126)	(126)
Other recognised losses	-	-	(394)	(394)
Redemption of cellular shares	-	-	-	-
As at 30 June 2023	543	3	19,864	20,410

Reserves at 30 June 2022

Group	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2021 (as previously restated)	543	3	25,121	25,667
Prior year adjustment	-	-	(90)	(90)
At 1 July 2021 (as restated)	543	3	25,031	25,577
Profit for the year (as previously stated)	-	-	211	211
Prior year adjustment	-	-	85	85
Profit for the year (as restated)	-	-	296	296
Other recognised gains	-	-	1,418	1,418
Redemption of cellular shares	-	-	(1)	(1)
As at 30 June 2022	543	3	26,744	27,290

Company	Restricted Retail Fund £000s	Restricted Principals' Fund £000s	Accumulated Fund £000s	Total £000s
At 1 July 2021	543	3	19,092	19,638
Loss for the year	-	-	(125)	(125)
Other recognised gains	-	-	1,418	1,418
Redemption of cellular shares	-	-	(1)	(1)
As at 30 June 2022	543	3	20,384	20,930

ABTA Limited is a company limited by guarantee and not having share capital. Each Member of ABTA Limited has undertaken to contribute an amount not exceeding £10 to the assets of ABTA Limited in the event of it being wound up within the period of their membership or within one year after ceasing to be a Member. At 30 June 2023 ABTA Limited had 831 Members (2022: 867) and therefore no Member or group of Members is considered to control the company.

Note 22 details the prior year restatement made in respect of ABTA Insurance PCC Limited that includes an adjustment to the 2022 opening retained earnings, which is presented in the Statement of Changes in Equity.

The notes on pages 23 to 42 form part of these financial statements.

ABTA Limited**Financial Statements for the year ended 30 June 2023****Group and company cash flow statement
for the year ended 30 June 2023**

	Group		Company	
	2023	2022	2023	2022
	£000s	£000s	£000s	£000s
		(restated)		
Cash flows from operating activities				
Operating surplus / (deficit) for the financial year	1,018	188	(884)	(636)
Adjustments for:				
Depreciation and amortisation	215	243	183	209
Change in market value of investments	129	(395)	-	-
Pension movements	17	51	17	51
Pension finance costs	(300)	(300)	(300)	(300)
Change in debtors	(703)	(18)	(242)	(202)
Change in creditors	(366)	(14)	152	(156)
Change in loss provision	204	(881)	-	-
Corporation tax paid	(1,157)	-	(1,157)	-
Cash flows (used in) operating activities	(943)	(1,126)	(2,231)	(1,034)
Cash flows from investing activities				
Dividends received	-	-	-	-
Interest received	550	314	327	310
Purchase of intangible fixed assets	(71)	(126)	(50)	(96)
Purchase of tangible fixed assets	(67)	(54)	(67)	(54)
Proceeds of sale of tangible fixed assets	-	19,650	-	19,650
Transfer of cash into fixed asset investments	(15,960)	-	(15,960)	-
Proceeds from disposal of fixed asset investments	-	103	-	101
Cash flows (used in) / generated from investing activities	(15,548)	19,887	(15,750)	19,911
Cash flows from financing activities				
Change in cellular shares	-	-	-	-
Cash flows from financing activities	-	-	-	-
Net (decrease) / increase in cash and cash equivalents	(16,491)	18,761	(17,981)	18,877
Cash and cash equivalents at beginning of year	31,030	12,269	20,040	1,163
Cash and cash equivalents at the end of year	14,539	31,030	2,059	20,040
Represented by:				
Current asset investments	13,008	28,111	1,742	19,190
Cash at bank and in hand	1,531	2,919	317	850
Cash and cash equivalents at the end of year	14,539	31,030	2,059	20,040

The notes on pages 23 to 42 form part of these financial statements.

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements

1 Accounting policies

a) Accounting convention

ABTA Limited is a private company limited by guarantee, incorporated and registered in England (registration number 551311). The registered address is 30 Park Street, London, SE1 9EQ. The registered address of the subsidiary ABTA Insurance PCC Limited is Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ. All other subsidiaries share ABTA Limited's registered address. These financial statements are presented in pounds sterling (GBP), as that is the currency in which the majority of the group's transactions are denominated and are the financial statements of the group for the year ended 30 June 2023 rounded to the nearest thousand pounds.

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

The cash position is monitored on a monthly basis by looking at the cash-flow forecast for the next twelve months, broken down by month. It has been stress-tested to reflect a number of scenarios regarding the current inflationary pressures and its impact on Members and the wider economy. This modelling has identified that sufficient cash is available in the period under review and the Directors are satisfied that sufficient working capital is available.

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

b) Basis of consolidation

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

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

A PCC is comprised of a core and any number of cells. Where assets are not allocated to a cell, they are deemed to be part of the core. There are currently five cells in the PCC.

The core of this company is consolidated into these financial statements. The cells are only consolidated when they are controlled, directly or indirectly, by ABTA Limited. In the year to 30 June 2023, ABTA Limited controlled and therefore consolidated the core and three of the five cells.

The cells which have not been consolidated had an aggregate deficit for the year of £6,469k and total assets of £223,098k. Reserves carried forward in these cells totalled £223,087k.

Notes to the financial statements (continued)

1 Accounting policies (continued)

c) Income recognition

Subscriptions relate to the membership year from 1 July 2022 to 30 June 2023. All other income is recognised when services are rendered by the group. Travelife subscriptions relate to a two year period and are released according to the enrolment and renewal date of each hotel. The associated audit fee is released upon completion of the audit, which is during the two year subscription period. Amounts received in advance of services rendered are carried forward in creditors as deferred income.

Insurance activity income is generated from premiums written, which 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, net of insurance premium tax.

Debtors arising from insurance operations, representing premium receivable for business incepted at the reporting date, follow the same measurement principles as for financial assets carried at amortised cost.

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the reporting date, calculated on a time apportionment basis, and are recognised as a liability at the balance sheet date.

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

d) Insurance claims paid

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

e) 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.

f) 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.

g) Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like other debtors and creditors. Debt instruments that are payable or receivable within one year, typically other creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

- Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised within the operating surplus or loss. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.
- Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in operating surplus or loss.

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

1 Accounting policies (continued)

h) Fixed asset investments

Investments in subsidiary undertakings, including cellular shares held in ABTA Insurance PCC Limited, are measured at cost less accumulated impairment.

ABTA holds a diversified investment portfolio that include investments in cash, equities, bonds and investment funds that are measured at fair value, using quoted market prices in active markets for identical instruments. Realised and unrealised gains and losses in the year are recognised in the statement of comprehensive income.

The fixed asset investment in the AIPCC related to their investment in Lime Street Insurance PCC Limited which was previously held at fair value but was disposed of in the year.

i) Current asset investments

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

j) Cash and cash equivalents

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

k) Deferred taxation

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

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

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

l) Pension scheme

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

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

As detailed in note 16, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high-quality corporate bond of equivalent currency and term of the scheme liabilities. The defined benefit pension scheme asset or liability is presented separately after other net assets on the face of the balance sheet.

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

m) Foreign currencies

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

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

1 Accounting policies (continued)

n) Operating Leases

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

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where more information about the claim event is generally available.

Pension and post-employment benefits

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

ABTA Limited**Financial Statements for the year ended 30 June 2023****Notes to the financial statements (continued)****2 Turnover analysis**

	2023 £000s	2023 £000s	2023 £000s	2022 £000s
	Trade association activities	Insurance activities	Total	Total (Restated)
Turnover				
Subscriptions	6,343	-	6,343	6,139
Outsourcing and miscellaneous Member fees	105	-	105	52
Travelife	779	-	779	671
Events and Convention	896	-	896	329
Other commercial activities	688	-	688	747
Other	21	3,213	3,234	2,000
Total turnover	8,832	3,213	12,045	9,938

3 (Deficit) / surplus before taxation

	2023 £000s	2022 £000s
<i>Is stated after charging/(receiving):</i>		
Depreciation of tangible fixed assets and amortisation of intangible fixed assets	215	243
Operating lease rentals of property	115	442
Gain on disposal of fixed assets	5	-
Foreign exchange loss	(2)	-
Investment income	179	-
Interest income	550	327
Auditor's remuneration:		
for audit	70	60
for tax compliance	16	15
for pension scheme audit	10	10
for other services	35	5

4 Salaries and staff costs

	2023 £000s	2022 £000s
Wages and salaries – including directors' remuneration	5,333	5,042
Social security costs	605	565
Employer's pension contribution - Defined contributions	476	470
Other staff related costs (inc. other committee member fees, benefits, and temp staff)	244	261
Total salary and staff costs	6,658	6,338

The average weekly number of employees are as follows:

	2023	2022
	No.	No.
Number of employees	94	97

During the year total remuneration in relation to key management personnel totalled £1,316k (2022: £1,270k).

ABTA Limited
Financial Statements for the year ended 30 June 2023
Notes to the financial statements (continued)
5 Directors' remuneration included in staff costs above

	2023	2022
	£000s	£000s
Highest paid director		
Gross salary and benefits	303	289
Director pension contributions	28	26
	331	315
Total directors' remuneration		
Directors' gross salary	29	282
Directors' pension contribution	28	26
Directors' benefits	6	7
Directors' fees	98	112
Total directors' remuneration	429	427
	2023	2022
	No.	No.
The number of directors accruing benefits under money purchase pension schemes	1	1

6 Taxation

	2023	2022
	£000s	£000s
6a Current tax:		
UK corporation tax on surplus for the year	234	1,298
Foreign taxation	5	-
R&D tax credits	(10)	-
Adjustments in respect of prior periods	(246)	(152)
Total current tax	(17)	1,146
Deferred tax:		
Origination and reversal of timing differences	(188)	(1,723)
Adjustments in respect of prior periods	(130)	-
Adjustments in relation to defined benefit pension scheme	-	388
Total deferred tax (Note 14a)	(318)	(1,335)
Tax (credit) on operating surplus	(335)	(189)

6b Factors affecting the tax charge for the year

	2023	2022
	£000s	£000s
The differences are explained below:		
Surplus before tax	1,726	107
Surplus multiplied by the effective rate of corporation tax in the UK of 20.5 % (2022 – 19%)	354	20
Effects of:		
Fixed asset differences	(2)	(6)
Other permanent differences	1,326	8
Tax on apportioned CFC profits	235	-
Income not deductible for tax purposes	(1,835)	-
Expenses not deductible for tax purposes	-	43
Group income	(20)	-
Chargeable gains / losses	2	-
Use of brought forward losses	-	(50)
R&D tax credits	(10)	-
Foreign tax credits	4	-
Adjustments to deferred tax not recognised	26	(34)
Re-measurement of deferred tax for changes in tax rates	(39)	(3)
Adjustments to tax charge in respect of previous periods	(376)	(167)
Total tax (credit) for year (note 6(a))	(335)	(189)

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

7 Intangible fixed assets

Group	Computer Software £000s	Travel Convention Branding £000s	Group Total £000s
Cost:			
At 1 July 2022	1,479	-	1,479
Additions	65	6	71
Disposals	-	-	-
At 30 June 2023	1,544	6	1,550
Depreciation:			
At 1 July 2022	1,304	-	1,304
Charge for year	100	-	100
Disposals	-	-	-
At 30 June 2023	1,404	-	1,404
Net book value:			
At 30 June 2023	140	6	146
At 30 June 2022	175	-	175

Company	Computer Software £000s	Travel Convention Branding £000s	Company £000s
Cost:			
At 1 July 2022	1,738	-	1,738
Additions	44	6	50
Disposals	-	-	-
At 30 June 2023	1,782	6	1,788
Depreciation:			
At 1 July 2022	1,614	-	1,614
Charge for year	68	-	68
Disposals	-	-	-
At 30 June 2023	1,682	-	1,682
Net book value:			
At 30 June 2023	100	6	106
At 30 June 2022	124	-	124

8 Tangible fixed assets

Group and Company	Leasehold improvements £000s	Furniture and office equipment £000s	Total £000s
Cost or valuation:			
At 1 July 2022	353	851	1,204
Additions	-	67	67
Disposals	-	(3)	(3)
At 30 June 2023	353	915	1,268
Depreciation:			
At 1 July 2022	349	673	1,022
Charge for year	1	114	115
Disposals	-	(3)	(3)
At 30 June 2023	350	784	1,134
Net book value:			
At 30 June 2023	3	131	134
At 30 June 2022	4	178	182

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

9 Fixed Asset Investments

Group	Investment in Lime Street Insurance PCC Limited	Diversified investment portfolio	Total
	£000s	£000s	£000s
Investment value at 1 July 2022	92	-	92
Additions	-	17,485	17,485
Disposals	(92)	(2,548)	(2,640)
Movement in fair value	-	80	80
Increase in cash held by investment manager	-	1,149	1,149
Total as at 30 June 2023	-	16,166	16,166

Company	Investment in subsidiary undertakings	Diversified investment portfolio	Total
	£000s	£000s	£000s
Investment value at 1 July 2022	2,104	-	2,104
Additions	-	17,485	17,485
Disposals	-	(2,548)	(2,548)
Movement in fair value	-	80	80
Increase in cash held by investment manager	-	1,149	1,149
Total as at 30 June 2023	2,104	16,166	18,270

Subsidiary companies exempt from audit

The subsidiaries listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this Company has guaranteed the subsidiary company under Section 479C of the Act:

Company name - Travelife Limited **Company registration number** - 03290532

The investment in subsidiary undertakings represents the following:

Subsidiary	Principal activity	Country of incorporation	Class and % of shares held	Cost of investment
ABTA Insurance PCC Limited	Primary and shortfall insurance arrangements for ABTA Members	Guernsey	Ordinary 100%	1,560
ABTA Insurance PCC Limited	Primary and shortfall insurance arrangements for ABTA Members	Guernsey	Redeemable 100%	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	Dormant	United Kingdom	Sole guarantor	-
Total cost of investments				2,104

ABTA Limited
Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

10 Debtors: amounts falling due within one year

	Company 2023	Company 2022	Group 2023	Group 2022 Restated
	£000s	£000s	£000s	£000s
Other debtors	512	170	540	227
Corporation tax	13	-	13	-
Prepayments and accrued income	571	720	695	767
Total	1,096	890	1,248	994

Debtors: amounts arising out of insurance operations

	Company 2023	Company 2022	Group 2023	Group 2022 Restated
	£000s	£000s	£000s	£000s
Insurance premium receivable	-	-	923	474
Total	-	-	923	474

Debtors: amounts falling due after one year

	Company 2023	Company 2022	Group 2023	Group 2022
	£000s	£000s	£000s	£000s
Due from subsidiary undertakings	1,194	1,145	-	-
Total	1,194	1,145	-	-

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

11 Investments held as current assets

	Market Value		Market Value	
	Company 2023	Company 2022	Group 2023	Group 2022
	£000s	£000s	£000s	£000s
Held by:				
ABTA Limited	1,742	19,190	1,742	19,190
ABTA Insurance PCC Limited	-	-	11,266	8,921
Group	1,742	19,190	13,008	28,111

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 2023	Company 2022	Group 2023	Group 2022 Restated
	£000s	£000s	£000s	£000s
Trade creditors	539	242	546	261
Other creditors	250	232	455	235
Corporation tax	-	1,174	-	1,174
Other taxes and social security	176	397	176	421
Accruals	717	597	773	681
Deferred income	402	341	1,063	1,197
Cellular shares	-	-	-	500
Total	2,084	2,983	3,013	4,469

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

12 Creditors: amounts falling due within one year (continued)

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

13 Financial assets and liabilities

	Company 2023 £000s	Company 2022 £000s	Group 2023 £000s	(Restated) Group 2022 £000s
<i>Financial assets</i>				
Financial assets measured at fair value through profit or loss	17,908	19,190	29,174	28,203
Financial assets measured at amortised cost	2,565	2,517	2,347	3,719
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost	1,508	2,245	1,774	2,843

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

At the balance sheet date, ABTA Ltd had entered into a forward contract to purchase £236k of Euros.

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

	Company 2023 £000s	Company 2022 £000s	Group 2023 £000s	Group 2022 £000s
<i>Interest income</i>				
Total investment income for financial assets at fair value through profit or loss	179	-	179	-
Total interest income for financial assets at amortised cost	327	88	550	59
<i>Fair value gains/(losses)</i>				
On financial assets measured at fair value through profit or loss	80	-	122	(395)

14 Provisions for liabilities

	Company 2023 £000s	Company 2022 £000s	Group 2023 £000s	Group 2022 £000s
14a Deferred taxation				
At 1 July	(40)	862	(40)	823
(Credited) to Profit & Loss (Note 6a)	(318)	(1,374)	(318)	(1,335)
Charged to Other Comprehensive Income	(131)	472	(131)	472
Deferred tax (asset) at 30 June	(489)	(40)	(489)	(40)

The provision for deferred taxation has been calculated based on a composite corporation tax rate of 25% (2022: 25%).

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

14 Provisions for liabilities (continued)

14a Deferred taxation (continued)

Analysis of deferred taxation	Company	Company	Group	Group
	2023	2022	2023	2022
	£000s	£000s	£000s	£000s
Fixed asset timing differences	22	161	22	161
Other short term timing differences	(227)	(167)	(227)	(167)
Capital gains	-	-	-	-
Losses	(284)	(34)	(284)	(34)
Balance at 30 June	(489)	(40)	(489)	(40)

14b Loss provision on insurance activities

	Company	Company	Group	Group
	2023	2022	2023	2022
	£000s	£000s	£000s	£000s
Unearned premium reserve	-	-	807	277
Outstanding loss reserve	-	-	13	340
IBNR reserve	-	-	1	-
Balance at 30 June	-	-	821	617

In the opinion of the directors, the loss provision, which should be recognised in the financial statements, amounts to £13k as at 30 June 2023 (2022: £340k). 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.

	2018	2019	2020	2021	2022	2023	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£'000
At 12 month stage	102	52	479	14,892	-	-	
At 24 months	102	50	462	15,212	-	-	
At 36 Months	102	50	462	15,212	-	-	
At 48 Months	102	50	-	-	-	-	
At 60 months	102	-	-	-	-	-	
Paid to date	(102)	(50)	(462)	(15,199)	-	-	
Outstanding at 30 June 2023	-	-	-	13	-	-	13
Improvement/ (deterioration) from 12 month stage	-	2	17	(320)	-	-	

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.

Notes to the financial statements (continued)

14b Loss provision on insurance activities (continued)

Financial Risk Management

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

The risk management policies employed by AIPCC in relation to the insurance business are provided below. These relate to the AIPCC in its totality, including the Cells which are not controlled and consolidated in these financial statements (see Note 1b), as these balances are relevant to the necessary risk considerations.

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 125 basis points in interest yields would result in an increase/decrease in profit for the year of £460k (2022: £71k based on a 125 basis point variation) on cash and cash equivalents at the year end assuming all other assumptions remain unchanged. These values indicate limited sensitivity and therefore present limited risk to the Group.

Other price risk

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

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

If current market indices had increased/decreased by 5%, with all other variables held constant, and all the AIPCC's investments moved according to the historical correlation with the index, the profit and equity for the year would increase/decrease by £9,933k (2022: £5,091k).

Currency risk

The AIPCC manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company has no exposure to currency risk.

ii. Credit risk

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

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

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

14b Loss provision on insurance activities (continued)

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

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

	2023	(Restated) 2022
	£000s	£000s
Investments – current	198,655	101,819
Investments – non-current	-	592
Debtors arising out of insurance operations	922	473
Cash and cash equivalents	36,830	5,678
Total assets bearing credit risk	236,407	108,562

Credit risk	2023	(Restated) 2022
	£000s	£000s
AAA	190	30,883
AA	231,957	76,613
A to B	1,138	-
Unrated	3,123	1,066
Total assets bearing credit risk	236,408	108,562

At the reporting date, investments include £3,675,284 (2022: £3,381,443) which are amounts invested into funds which are unrated in their own right. For the purpose of preparing the credit rating analysis table above, the directors have apportioned this amount to the different credit rating categories based on reports from the investment manager that show the split of the funds' underlying investments and other assets by credit rating.

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

Capital management

The AIPCC's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for the stakeholders and to maintain an optimal capital structure whilst maintaining compliance with regulatory capital requirements. The directors of the AIPCC consider the capital of the company to be limited to the issued share capital being £232,621k (2022: £110,929k).

The company is obliged to maintain capital requirements in line with the Insurance Business (Solvency) Rules 2015 and the Companies (Guernsey) Law 2008. The company was not in breach of these obligations in the year.

Fair value estimation

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

ABTA Limited
Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

14b Loss provision on insurance activities (continued)

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.

2023	Level 1	Level 2	Level 3	Total
	£000s	£000s	£000s	£000s
Investments – current	198,655	-	-	198,655
2022 (Restated)	Level 1	Level 2	Level 3	Total
	£000s	£000s	£000s	£000s
Investments – current	101,819	-	-	101,819
Investments – non-current	-	-	592	592

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date as described in the accounting policies note. These instruments are included in Level 1. There has been no movement between levels during the year.

As noted on page 34, these above balances include the investments held by the Cells which are not controlled or consolidated in these financial statements on the basis that this information is necessary for the consideration of risk. Of the above investment balances, £11,266k of current asset investments and £1,036k of cash and cash equivalents are controlled by ABTA Limited and are therefore consolidated into these financial statements.

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 2023 claims paid were £0 (2022: £0).

b) Accumulated Fund

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

ABTA Limited

Financial Statements for the year ended 30 June 2023

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 2023, ABTA made contributions of £300k (2022: £300k) towards the deficit. ABTA's approved budget for 2023/24 includes £300k contributions.

Actuarial valuation at 1 July 2021

The latest actuarial valuation of the scheme, carried out by the scheme's independent professionally qualified actuary, was at 1 July 2021 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 94% of the scheme's liabilities leaving a deficit of £1.8m. 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 3.9% before retirement and 1.8% after retirement.
- b) Future RPI inflation is 3.5%
- b) Salary growth is 4%.
- c) Pension increases on pre-1 July 2003 service are 5% and 3.4% on post-1 July 2003 service.
- d) The future benefit accrual has been determined using the Projected Unit Method.

Valuation assumptions

ABTA's appointed actuary, for the purposes of carrying out the valuation at 30 June 2023 in accordance with Financial Reporting Standard 102, section 28, adopted the following major assumptions:

	30 June 2023	30 June 2022
Rate of increase in salaries	2.3% pa	2.3% pa
Rate of increase in pensions in payment	3.2% - 5.0% pa	3.2% - 5.0% pa
Rate used to discount scheme liabilities	5.1% pa	3.7% pa
Inflation assumption	3.3% pa	3.3% pa
Pre-retirement base mortality table	TMNL16/TFNL16	TMNL16/TFNL16
Post-retirement base mortality table	S3PMA/S3PFA	S3PMA/S3PFA
Mortality projection basis	CMI (2022) projection model with a long term rate of 1% pa	CMI (2021) projection model with a long term rate of 1% pa

Major categories of plan assets as a percentage of total scheme assets	30 June 2023	30 June 2022
UK & overseas equity funds	13%	16%
Fixed Interest funds	28%	27%
Absolute Return fund	2%	4%
Liability Driven Investment funds	23%	19%
Property / Infrastructure funds	5%	6%
Multi-Asset Funds	16%	16%
Alternatives	4%	4%
Cash	1%	0%
Pending trades	0%	0%
Annuity policies	8%	8%

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

16 Net pension liabilities (continued)

Balance Sheet	30 June 2023	30 June 2022
	£000s	£000s
Fair value of scheme assets	18,956	22,906
Defined benefit obligation (DBO)	(19,810)	(23,518)
Deficit	(854)	(612)
Funding level	96%	97%

Analysis of the amount charged to net pension financing costs	30 June 2023	30 June 2022
	£000s	£000s
Interest income on pension scheme assets	(841)	(547)
Interest on pension scheme liabilities	858	598
Total pension financing cost	17	51
Total charge to operating surplus	17	51

Analysis of the amount recognised in the other comprehensive income	30 June 2023	30 June 2022
	£000s	£000s
Actuarial experience (losses) on pension scheme assets	(4,457)	(6,358)
Experience (losses)/gains arising on the scheme liabilities	(652)	6
Changes in assumptions underlying the present value of the same liabilities	4,584	8,242
Actuarial (loss) / gain recognised in other comprehensive income	(525)	1,890

Analysis of changes in the present value of defined benefit obligation (DBO)	30 June 2023	30 June 2022
	£000s	£000s
Opening defined benefit obligation	23,518	31,762
Interest cost	858	598
Actuarial experience losses/(gains)	652	(6)
Change in actuarial assumptions	(4,584)	(8,242)
Benefits paid	(634)	(594)
Closing defined benefit obligation	19,810	23,518

Analysis of changes in the fair value of assets	30 June 2023	30 June 2022
	£000s	£000s
Opening fair value of assets	22,906	29,011
Interest income	841	547
Employer's contribution	300	300
Actuarial experience (losses)	(4,457)	(6,358)
Benefits paid	(634)	(594)
Closing fair value of assets	18,956	22,906

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

16 Net pension liabilities (continued)

Amounts for the current & previous four periods					
	2023	2022	2021	2020	2019
	£000s	£000s	£000s	£000s	£000s
Fair value of scheme assets	18,956	22,906	29,011	28,674	25,765
Defined benefit obligation	(19,810)	(23,518)	(31,762)	(33,436)	(29,042)
(Shortfall)	(854)	(612)	(2,751)	(4,762)	(3,277)
Experience adjustment on assets	(4,457)	(6,358)	480	2,410	355
Experience adjustment on DBO	(652)	6	352	223	90
Projected amount charged to the operating surplus for 2023-24					30 June 2024
					£000s
Interest income on assets					(951)
Interest cost					987
Total charge to operating deficit					36
Projected deficit for year ending 30 June 2024					30 June 2024
					£000s
Opening deficit					(854)
Expected charge to operating deficit					(36)
Projected employer's contribution					300
Projected deficit					(590)

Sensitivity Analysis

Increase/decrease discount rate by 0.5% pa	
Increase/decrease assumed rate of future inflation by 0.5% pa	
Increase/decrease assumed life expectancy at age 65 by 1 year	

Change to DBO

-6.5% / +7.2%
+2.4% / -2.1%
+4.3% / -4.3%

ABTA Limited

Financial Statements for the year ended 30 June 2023

Notes to the financial statements (continued)

17 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2023	2023	2022	2022
	Land &	Other	Land &	Other
	Buildings		Buildings	
	£000s	£000s	£000s	£000s
Not later than 1 year	442	5	442	5
Within 2 to 5 years	1,767	4	1,767	-
Over 5 years	103	-	545	-
Total	2,312	9	2,754	5

18 Related Party Transactions

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

19 Members' failures

Where appropriate, ABTA administers claims in respect of the failure of its Members by calling in bonds where they are required to be provided and/or by claiming on ABTA's indemnity shortfall insurance policies.

During the financial year ended 30 June 2023, ABTA dealt with claims in respect of ABTA Members as follows:

	2023	2022
	£000s	£000s
Failure of Members conducting dual activities		
- current year failures	-	14
- adjustment in relation to prior year failures	6	180
Failure of Members conducting principal activities		
- current year failures	-	14
- adjustment in relation to prior year failures	57	1,023
Failure of Members conducting retail activities		
- current year failures	57	8
- adjustment in relation to prior year failures	-	93
Total claims	120	1,332

	2023	2022
The number of ABTA members who failed during the year was as follows:		
Failure of Members conducting dual activities	-	2
Failure of Members conducting principal activities	1	3
Failure of Members conducting retail activities	1	1
Total failures	2	6

ABTA Limited

Financial Statements for the year ended 30 June 2023

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 2023 ABTA was responsible for funds totalling £621k (2022: £1,750k). These sums represent funds received from bonds and other financial protection mechanisms to settle consumer and pipeline claims resulting from Member failures.

Single Payment Scheme

ABTA acts as a trustee for the monies paid by Members conducting retail activities to Members conducting activities as a principal through the ABTA Single Payment Scheme. As at 30 June 2023 the balance held in the scheme was £17,016k (2022: £10,306k) and is not reflected in ABTA's balance sheet. This was transferred out in accordance with the scheme in July 2023.

21 Analysis of changes in net debt

Group	At start of year (Restated)	Cash flows	Non-cash movements	At end of year
Current asset investments	28,111	(15,232)	129	13,008
Cash at bank and in hand	2,919	(1,388)	-	1,531
Cash and cash equivalents	31,030	(16,620)	129	14,539

Company	At start of year	Cash flows	Non-cash movements	At end of year
Current asset investments	19,190	(17,448)	-	1,742
Cash at bank and in hand	850	(533)	-	317
Cash and cash equivalents	20,040	(17,981)	-	2,059

ABTA Limited**Financial Statements for the year ended 30 June 2023****Notes to the financial statements (continued)****22 Prior year adjustment in ABTA Insurance Protected Cell Company Limited**

The comparatives presented in these financial statements have been restated to correct an error identified in one of the cells of the AIPCC, ABTA's subsidiary, which was considered to be material to that cell.

In reference to the AIPCC's accounting policy for premium written, and in accordance with FRS103, the directors of the AIPCC identified instances of insurance policies written in earlier years where the coverage periods were not co-terminus with the financial year end and should have had an unearned premium reserve recorded. They also identified instances where insurance had inceptioned in earlier financial years that had not been recorded through gross written premium until a subsequent financial year when the policy was subsequently invoiced.

As a result, a prior year adjustment has been made to record additional insurance assets and liabilities established at previous reporting dates. The restatement includes an adjustment to the 2021 opening retained earnings, which is shown in the Statement of Changes in Equity. The effects of the prior year adjustments on the other primary statements are summarised below:

	2021 £			2022 £		
	Per previous financial statements	Restatement	Corrected	Per previous financial statements	Restatement	Corrected
Statement of Financial Position						
Debtors arising out of insurance operations	436,981	190,294	627,275	203,813	270,034	473,847
Unearned premium reserve	-	(281,157)	(281,157)	-	(277,076)	(277,076)
		<u>(90,863)</u>			<u>(7,042)</u>	
				2022 £		
				Per previous financial statements	Restatement	Corrected
Statement of Comprehensive Income - Technical account						
Gross written premium				1,789,695	79,740	1,869,435
Change in unearned premium reserve				-	4,081	4,081
					<u>83,821</u>	
Impact on profit						