

ABTA Ltd

Company number 551311

Consolidated Annual Report and Financial Statements 2015

ABTA Ltd Financial Statements for the year ended 30 June 2015

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

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

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

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

4 persons representing ABTA members are elected by the membership

1 the Chairman, elected by the membership

1 the Chief Executive

5 persons representing ABTA members appointed by the Board Members

3 other persons appointed by the above Board members who need not represent a member of ABTA

At 30 June 2015 there were 14 Board members and no vacancies.

All Board members, except the Chief Executive will serve two-year terms. Board Members may serve a maximum of three consecutive terms.

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

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

Financial Reporting

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

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

Risk Management

ABTA's Board, the Chief Executive and his Management Team examine on a continual basis the major strategic, business and operational risks which ABTA faces and have established a system that ensures that risks are reviewed and reported regularly at all levels of ABTA, and that appropriate action is in place to mitigate the significant risks. In addition, all risks are reviewed twice a year as an integral part of the business planning.

A Risk Management Review Group comprising three Board members, including the Chief Executive, has been delegated to review risk and a formal risk register is maintained.

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Corporate governance statement (continued)

Controls and Procedures

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

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

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

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Strategic Report

1. Strategic Management

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

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

There were signs at the beginning of the year that there may be a return to stronger growth in the travel industry. Fuel costs remained low; the pound was riding high against the Euro and changes to Air Passenger Duty "APD", including the abolition of APD for under 12s from 1 May all helped to create a healthy buzz for the industry. This optimism has been dampened, however, by the major events of the summer such as the tragic incident in Tunisia, possible Grexit and the Syrian refugee situation.

The board of directors' Risk Management Review Group continued to review ABTA's strategic and operational risks. The Group includes three Board members and also a non-board Member industry expert. Principal risks identified included the following: the new financial protection landscape, unprotected Member failures and decline of market share. The Group was able to give the Board satisfaction that key risks had been identified and were being actively managed.

3. Business Performance

ABTA delivered a good operating performance. 52 new Members joined the Association in the year under review, bringing the year-end membership number to 1,165. The total turnover of ABTA Members (the basis for ABTA's own subscription income) increased from £31.5 to £32.07 billion. ABTA remains by far the most recognised travel industry trade body among UK consumers, with a 71% public recognition factor.

ABTA's overall financial position remains healthy. A group surplus after taxation of £863,556 (2014: £474,496) was made, of which £94,157 related to Trade Association and £769,399 to Insurance activities. It is important to note that insurance is by its very nature cyclical. The group surplus together with the effect of the revaluation of the freehold property of £4,100,000 (2014: £1,750,000), less an actuarial loss on the pension scheme of £879,000 (2014: £1,421,340) net of tax overall increased ABTA's group net assets by £4,084,356 (2014: 803,156).

Voice of the industry

ABTA Members place a high value on its role in representing the wider industry's interests. The latest ABTA Consumer Survey revealed that ABTA has a very high recognition factor of 71% and is also viewed very positively, as reliable, trustworthy and expert. In 2015 ABTA made full use of this high profile and good reputation when dealing with key decision makers both in Westminster and Brussels.

In July the ABTA Manifesto was launched at the House of Commons which called for further reform and reduction of APD; investment in infrastructure across all transport modes; an urgent increase in airport capacity in the South East; a cohesive approach to tourism policy which recognises the value of all tourism, inbound, outbound and domestic; and the completion of consumer protection reforms. The launch highlighted ABTA's unique role in bringing together the industry and key decision makers, and the Manifesto was very positively received.

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Strategic Report (continued)

Voice of the industry (continued)

ABTA continues to be a leading member of the A Fair Tax on Flying campaign working towards reducing APD. In 2015 the campaign achieved two notable successes. First, the announcement that the four bands, which saw the tax levied at increasing amounts depending on the flight distance, would be reduced to two. This not only removed the anomaly of flights to the west coast of the USA being taxed at a lower amount than shorter flights to the Caribbean, but also resulted in the reduction of APD on the longer haul flights by an estimated £250 million annually. In addition, the Chancellor announced that from 1 May 2015 APD would no longer apply to children under 12, and from 1 March 2016, to children under 16.

The Airports Commission, chaired by Sir Howard Davies, has been working for two years on recommendations for increasing airport capacity in the South East. As an industry, ABTA wants the Commission to recommend a sustainable solution to current and projected demand and wants certainty that any future government will act quickly to increase capacity and maintain the UK's competitive advantage. In 2014, ABTA presented the very clear argument that it supports extra runways at both Heathrow and Gatwick to help satisfy the needs of both leisure and business passengers for now and for many years to come.

Throughout the year, the Public Affairs team continued its work influencing the shape of the Package Travel Directive via numerous meetings with politicians and officials of the European Union's institutions. ABTA's voice in Brussels has been crucial to ensure the UK travel market and its Members' business models are properly understood and considered alongside consumer interests, as the Commission progresses with its efforts to enhance consumer protection and to clear up confusion around holiday sales. After open consultation with Members, ABTA continued to make the case for the UK travel industry throughout the year. The European Parliament vote to adopt the final Directive in October 2015, which incorporates significant successes from ABTA's lobbying.

Industry support

ABTA provides a number of essential support services to Members in the event of a crisis. These crises can be either limited to an individual Member or they may have wider industry implications. Timely, accurate information is increasingly important in the instant response world created by social media channels such as Twitter. If ABTA doesn't fill this information void someone else will so a rapid, informed response is essential. One of the most direct forms of communicating essential information to Members is the operational bulletins issued 24/7 by the Destinations and Sustainability on-call team. Throughout 2014 the team circulated over 870 bulletins on a range of issues including: changes to Foreign Office advice, new visa requirements, hurricane warnings and potential or actual strike action. The Communications team also issues information to over 10,500 via its Twitter account, many of these are leading travel and transport correspondents. These information streams provide an essential resource for Members as identified by Member survey results. The Destination and Sustainability team also monitors the media for developments worldwide, liaising with the Communications team to issue statements to the travelling public via abta.com and the media.

Examples of crises handled in 2014/15 includes the appalling shooting incident in the Tunisian resort of Sousse, potential Grexit, ongoing political problems in Egypt, French air traffic control strikes, a military coup in Thailand, change of FCO advice to Kenya, the war in Ukraine and the Ebola outbreak in West Africa.

Over the course of the year ABTA produced a number of new marketing materials to help Members maximise the benefit of their membership. High quality, modern leaflets were made available to download as PDFs online. New for 2014 were The Benefits of Booking with an ABTA Member, a Checklist for Disabled and Less Mobile Passengers and How to Have a Safe and Healthy Holiday in the Sun/in the Snow. In addition ABTA commissioned a number of social media videos for Members to use and share on their channels giving consumer advice on booking early, fraud free travel, ski insurance, and swimming safely.

The ABTA Animal Welfare Guidelines introduced in 2013 were adopted by more Members in 2014/15. Animal welfare is a highly emotive area and without effective policies in place a company's reputation and business can be severely damaged. Late in the year the Guidelines were shortlisted in the innovation section of the World Travel and Tourism Council's prestigious Tourism for Tomorrow awards, reflecting the outstanding reputation they have achieved since they were launched.

ABTA Ltd Financial Statements for the year ended 30 June 2015

Strategic Report (continued)

Industry support (continued)

In September following requests from Members, ABTA launched 'Better Places' – an online programme providing ABTA Members with a broad introduction to sustainability in tourism. Better Places demonstrates the cost saving benefits of sustainability, as well as offering practical advice on how to set goals and measure their success.

Policy and Legal

ABTA's Public Affairs and Legal Affairs teams keep a keen eye on any regulatory change that might affect Member business, working both to influence its shape through lobbying and explaining its impact and how to adapt the business in advance of any new regulation coming into effect.

The Package Travel Directive is expected to be adopted by the European Parliament in autumn 2015 and throughout 2015 ABTA continued its work to influence the shape of the Directive and achieved a number of successes on behalf of Members.

The Civil Aviation Authority announcement that they would abolish Small Business ATOLs (SBAs) as part of their work on rebalancing the ATOL Scheme would have had a negative impact on many Members' businesses. Following consultation with ABTA they have agreed to retain SBAs and ABTA will continue to work with them to ensure that new financial tests they have proposed are proportionate to risk and introduced with plenty of notice.

Over the course of 2014 ABTA produced a number of new or updated guidance notes for Members. These included guidance on VAT on certain credit and debit card charges and the Consumer Rights Directive, in particular the ban on the use of certain premium rate numbers. A considerable amount of work was also done on producing accessible travel guidelines and how to best serve this important market and stay within the law. This guidance gives advice on how to ensure Members' websites are in compliance with the law and offers a booking checklist for front line staff to use when dealing with customers who may have a disability.

Travel with confidence

Following a comprehensive review of consumer perception, recognition and understanding of ABTA, in December ABTA unveiled a new strapline "Travel with confidence". The new strapline is now incorporated throughout consumer facing messaging and is designed to further encourage the public to look for the ABTA logo and always book with an ABTA Member.

The roll out of the new strapline was supported by a refresh of www.abta.com homepage, alongside a month-long national advertising campaign in the press reinforcing the Travel with confidence message, further explaining ABTA's role and promoting the booking message. ABTA reached over 3m readers through the campaign. Research from the Mail on Sunday revealed impressive results, as 90% of those who had seen the advert said that they intended to take action as a result.

The crucial post-Christmas booking period was supported by ABTA's second Earlybird campaign with adverts on Heart FM reaching over 3m listeners. Twice as many Members tweeted their early booking offers than in 2013/14 and ABTA received very positive feedback from participants. Other campaigns throughout the year included swimming and skiing safety which was launched in response to requests from Members. The gap year and fraud awareness campaigns achieved good coverage in the national press and interviews on Sky News, Good Morning Britain and Channel 5 news. All of these strengthened ABTA's reputation as the go-to voice of the industry and helped to raise awareness of the ABTA brand.

Over the course of the year ABTA also conducted 592 TV and radio interviews on a wide-range of industry issues. The Customer Support team had another busy year helping customers resolve disputes with ABTA Members. It handled over 11,275 cases and around 16,000 telephone enquiries over the year. Fees for the arbitration scheme were frozen and the scheme continues to provide a cost effective solution both for customers and Members. In July 2015 ABTA's complaints handling scheme was approved as an Alternative Dispute Resolution "ADR" scheme by Trading Standards ahead of legislation coming into force in October 2015.

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Strategic Report (continued)

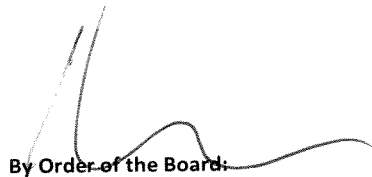
Travel with confidence (continued)

In November the department introduced a facility for customers and their Members to directly upload documentation relating to a case through abta.com, greatly improving the efficiency of the service. The team continues to see an increase in the number of customers calling the department, boosting ABTA's perception as a more customer friendly, accessible organisation.

ABTA's affiliation scheme, the ABTA Partner scheme, now totals 160 specialist companies leading in their various fields of expertise. Partners offer a range of discounts, preferential rates and other benefits to Members, including seven free helplines on legal, tax and other issues. New to 2014/15 ABTA introduced the HR, Training and Recruitment and Sales and Marketing Planning helplines.

Currently over 170 Members use the ABTA/ATOL Joint Administration Scheme, which has proved very popular since its introduction in 2012. Removing the need for duplicate bonds for both ABTA and the CAA makes the system more cost effective for Members to have the required bonding in place. ABTA also aims to reduce the bonding requirement for qualifying Members by offering an insurance based ATOL Bond Replacement Scheme through ABTA insurance.

Throughout the year ABTA ran a number of very popular and successful training events. These included three Complaints Handling Workshops, the annual Travel Law Seminar, Travel Essentials seminar on Crisis Management, and Destination Health and Safety – an introduction. ABTA's emphasis on meeting Members face-to-face via regional meetings continued and average attendances at the meetings increased substantially on the previous year with very positive feedback from attendees. Hundreds of delegates attended the Travel Convention in Ljubljana the capital of Slovenia.



By Order of the Board:

Simon E Bunce
Secretary
30 Park Street
London
SE1 9EQ

25 November 2015

ABTA Ltd Financial Statements for the year ended 30 June 2015

Directors' Report

Reports of the board of directors

The board of directors submits its Strategic Report, Directors' Report and the Financial Statements for the year ended 30 June 2015.

1. Directors

The names of the members of the board of directors during the year ended 30 June 2015 were:

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

Elected by the membership:

Alistair Rowland
Doreen McKenzie
Martin Randall
Hugh Morgan (resigned 31 October 2014)
Andrew Swaffield (appointed 5 December 2014)

Appointed Member representatives:

Daniele Broccoli
Roger Allard
Richard Downs
Fraser Ellacott
Craig Stoehr (appointed 26 November 2014)

Non-members:

Christine Farnish
Lord Fowler
Katrina Cliffe (appointed 1 February 2015)

ABTA provided 3rd party indemnity insurance for all the directors throughout the year ended 30 June 2015.

2. Going Concern

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

3. Charitable donations

Charitable donations totalling £11,339 were paid during the year ended 30 June 2015. Included in the charitable donations was £10,000 to ABTA Lifeline, ABTA's charitable trust for those in the travel industry who have fallen upon hard times.

4. Auditor

Chantrey Vellacott DFK LLP has merged its practice with Moore Stephens LLP and now practises under the name of Moore Stephens LLP. A resolution to appoint Moore Stephens LLP as auditor will be proposed at the forthcoming Annual General Meeting.

5. Strategic report

The directors have prepared a separate Strategic Report incorporating the business review, risks and uncertainties. This is set out on pages 3-6.

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.

By Order of the Board:

Simon E Bunce, Secretary, 25 November 2015

30 Park Street, London, SE1 9EQ

ABTA Ltd Financial Statements for the year ended 30 June 2015

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare their financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

ABTA Ltd Financial Statements for the year ended 30 June 2015

Independent auditor's report to the members of ABTA Ltd

We have audited the financial statements of ABTA Limited for the year ended 30 June 2015 which comprise the Group Income and Expenditure account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and Group Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Consolidated Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements and inconsistencies we consider the implications for our report.

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 the company's affairs as at 30 June 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Moore Stephens LLP

Stephen Corral (Senior Statutory Auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
7 December 2015

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

