

Guidance Notes on Accounts Rules and the Provision of Security for Members and their Professional Advisers



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Section 1 General Introduction and Definitions

1.1 Guidance Notes

- (i) These notes are intended for the guidance of Members as regards the financial criteria applicable to them.
- (ii) They derive from the general statements of the Articles of Association and provide an indication of what the Association will generally look for as a minimum by way of provision of information, levels of financial stability and the nature and extent of security to be provided. At all times the criteria set forth in these notes are subject to the discretions given to the Association by its Articles of Association.
- (iii) They supersede any previously published financial criteria, and may be altered by the Association from time to time and at any time.

1.2 Membership

- (i) These notes do not provide a complete summary of or guide to the regulations relating to membership of the Association, but some reference to them is inevitable to place the financial criteria in context.
- (ii) (a) A Member may be an individual or the partners for the time being trading under a firm name registered as a Member, or a corporation.
- (b) “The rights and privileges of a Member shall be personal to that Member...and shall not be transferable”. And bring with them obligations.
- (c) From (a) above, it should be understood that Members must conform to the stated forms of organisation in the Article, however a “corporation” is not limited to companies established under the terms of the Companies Acts. The terms of the Article would include bodies incorporated by Statute, Royal Charter or under the Industrial and Provident Societies Acts or bodies incorporated overseas, and Limited Liability Partnerships.
- (d) From (b) above, it should be understood that membership is indivisible, which has two consequences: first, a Member cannot cover the activities of connected businesses under its own membership; second, the whole business of a Member is in the Association not merely part. For example it is not acceptable to seek to include only one division of a company in membership, or to exclude an office even though it may

be situated outside the UK, or conduct only one type of business such as IATA ticketing.

- (iii) “Each Member of the Association shall carry on business within the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man or the Republic of Ireland”. It is possible for a Member to be based outside the specified territories, qualifying for membership on the basis of business done within them. However, it should be noted that all the travel-related business of a Member, wherever originating or carried on, falls within the Association’s jurisdiction.
- (iv) Where a Member is a corporation or a firm, and a change of financial control takes place as defined in Article 9 (5), except insofar the change of control is deemed an internal restructure, the entity holding membership remains but its circumstances have changed so significantly that there must be a formal application for continuance of membership. Subject to the Member complying with all requirements necessary to retain membership in the meantime, the application is considered by the Membership Committee which will if it sees fit approve the application subject to such conditions as it sees fit.

1.3 Enforcement of Requirements

- (i) The Membership Committee acts for the Board of Directors in matters relating to Membership, Accounts Rules and the provision of security by Members, exercising the absolute discretions available to the Board under the Articles of Association. This includes the exercise of the authority to impose penalties for breaches of those Articles which concern Membership, Accounts Rules and the provision of security by Members. Such penalties may be by way of fine, reprimand or termination of membership
- (ii) The Board has given standing instructions to the Association’s Secretariat to terminate membership in the event of a retail bond not being renewed when due or TABRS contribution(s) not being paid when due or a Member’s annual accounts not being received when due or a Member’s annual accounts when received showing net liabilities without that position having been corrected by the date on which they were due to be submitted.

1.4 Definitions

- (i) Unless otherwise stated below or in the guidance notes, expressions defined in the Articles shall have the same meaning in these guidance notes.

Acts	The relevant provisions of the Companies Acts and all other Acts concerning companies for the time being in force.
Articles	The Articles of Association of ABTA Limited
Association	ABTA Limited
ATOL	An Air Travel Organiser's Licence
Board/Board of Directors	The Board of Directors of ABTA Limited
Bond	An irrevocable guarantee, provided by an approved third party obligor, capable of being enforced should certain events arise.
Bond Obligor/Obligor	The person or entity who accepts liability upon or under a bond.
Bonding Year	Retail Activity Normally the 12 month period beginning on the commencement date of a bond provided under Article 4(1)(e). Principal Activity Normally the 12 month period commencing on either the 1st April or 1st October.

Committee	The Membership Committee of the Association, a Committee of the Board of Directors to which the Board has delegated authority to deal with all matters relating to Membership, Accounts Rules and the provision of security by Members.
Internal restructure	Where a Member is part of a group structure, any change made to the majority of the shareholding, voting rights or entitlement to profits of that Member will not be deemed as a change of financial control where the ultimate holding company remains the same.
Member	A Member of ABTA Limited
New Member	A Member newly admitted or obliged to apply for continuance of membership under the provision of Article 9(5) or within three years from the date of admission or the date of change of financial control, or from such date as the Committee shall decide
Package/ Package Holiday	A Package as defined by the Package Travel, Package Holidays and Package Tours Regulations 1992 or any subsequent modification or re-enactment thereof.

Principal Activity

a) Licensable

Business transacted whereby (either directly or through an agent) a contract is established with a consumer or other third party which gives rise to a requirement for the principal to hold a valid ATOL

b) Non-licensable (Packages)

Non-Licensable (Packages) business transacted whereby (either directly or through an agent) a contract is established with a consumer or other third party which does not give rise to a requirement for the principal to hold a valid ATOL but which is a package as defined by the Package Travel Regulations.

c) Non-licensable (Non-packages)

Business transacted whereby (either directly or through an agent) a contract is established with a consumer or other third party which does not give rise to a requirement for the principal to hold a valid ATOL and which is not a package as defined by the Package Travel Regulations.

Reporting Accountant	An accountant with a professional accountancy qualification recognised by the Board of Directors for ABTA's purposes. In some cases the Reporting Accountant will also be the member's auditor.
Retail Activity	The facilitation of the procurement of a contract with a principal.
Retail Business	Business transacted by a person conducting retail activity including any fees howsoever charged.
TABRS	Travel Agents' Bond Replacement Scheme.

Section 2 Provision of Information to the Association

2.1 Introduction

The Association depends upon information supplied by its Members in order to carry out a number of its basic functions.

Information required under ABTA's Articles relating to Accounts Rules and the provision of security is used for a number of purposes central to the functioning of the Association. These include:

- (i) Calculating membership subscriptions;
- (ii) Establishing eligibility to stand for election to and vote in elections for the Board of Directors or the Council of Regions;
- (iii) Providing the basis for deciding upon the nature and amount of security to be provided by each Member.

Notwithstanding the provision of security by individual Members, there is a considerable degree of mutuality. To protect the funds of the Association in the interest of the generality of Members, full and frank disclosure of all relevant information by Members is required. This information underlies the Association's relationship with its insurers, and, insurance contracts being contracts of utmost good faith, an equivalent standard of disclosure is required from Members.

By way of assurance, confirmation is required from Members' Reporting Accountants in respect of some information. For information routinely required, the standard forms provide for Reporting Accountants' reports, but from time to time Reporting Accountants' confirmation will be required as evidence of specific matters such as injections of capital into Member businesses or repayment of debts due to a Member.

Discussions have established a procedural framework and wordings for the standard documents which should enable Reporting Accountants to satisfy the Association on most points within guidelines approved by their professional bodies.

The Articles of Association specifically require Members to provide information and documents relevant to these Guidance Notes, but in addition there are general requirements in the Articles to provide requested information.

Attention should also be given to those Articles which contain specific requirements for notification to be given to the Association.

2.2 Submission and form of Accounts

- (i) Every Member is required to submit annual accounts to the Association. Where audited accounts are required by the Acts or where audited accounts already exist because, for example, they have been requested by shareholders or by a third party, the audited accounts must be produced to the Association. In all other cases, unaudited accounts in a format as close to that required by the Acts as is reasonably possible will be required.

The Association at all times reserves the right to require a Member's accounts to be audited.

- (ii) To be acceptable, and where audited accounts are submitted, the audited accounts must show a true and fair view of the Member's state of affairs at the balance sheet date and of the result for the period covered by the accounts and the Reporting Accountant must confirm whether the Member has kept proper books of account.

Where unaudited accounts are submitted, the accounts must show the Member's state of affairs at the balance sheet date and of the result for the period covered by the accounts and the Reporting Accountant must confirm whether the Member has kept proper books of account.

- (iii) (a) Where a Member's accounts have been subject to a statutory audit, the Reporting Accountant's report to the members of the company will normally be accepted as sufficient evidence in respect of the matters referred to in (2) (ii) above.
- (b) Where there has not been a requirement for a statutory audit, the Association's form of words may be used for a Reporting Accountant's report (Form Audit 002(a) - see Appendix 6).
- (iv) The accounts required of a Member incorporated under the Acts are the individual company accounts (Companies Act 2006 Section 394) and associated documents required to be laid before the company in general meeting (Companies Act 2006 Section 437 (1)). The accounts of Members not subject to the Act should comply with the Acts so far as they are capable of applying.

If a Member is a parent company providing consolidated accounts, to comply with Article 10 (2) the Member's own balance sheet and profit and loss account must be included and should be covered by the Reporting Accountant's report. The Articles specifically require that Members not established or incorporated within the UK comply with the

provisions of Article 10 to the extent that it is possible and that all documentation from such Members shall be provided in English.

- (v) (a) A Member's accounts must be provided to the Association within the time specified.
- (b) Provided that the accounts to be delivered to the Association have been prepared up to the same accounting reference date as those for the previous period, they should be delivered not later than six months after the date at which the balance sheet was made up.
- (c) If a Member's accounting reference date is altered to give an accounting period of less than twelve months from the balance sheet date of the latest accounts provided, the date by which the accounts must be delivered is automatically adjusted by the operation of Article 10 (6). There is no requirement to obtain the Association's consent to such a change of accounting reference date, but Members are advised to inform the Association at the earliest opportunity as this may affect the date that quarterly returns are due.
- (d) If a Member wishes to extend an accounting period so that it runs for more than twelve months from the balance sheet date of the last accounts provided, the Articles require that the Association's consent be obtained to that change. Such consent may be conditional. Generally, it will be possible to agree to accept accounts prepared in respect of a period of more than twelve months, provided that the accounts and other required documentation are delivered no later than eighteen months after the balance sheet date of the last accounts submitted.

2.3 Documents to be delivered with the accounts

- (i) The Turnover Return and Analysis (Form Audit 003 - see Appendix 8 and 9) must be delivered with the accounts of each member to complete the delivery requirements of Article 10. The information provided by this Return and Analysis is used for the calculation of membership subscriptions and turnover-based security. The accompanying Reporting Accountant's statement must be completed and signed, as well as the return itself, to be acceptable. The return should include details of all turnover and should be reconciled to the Member's accounts.
- (ii) If not shown in the accounts, details of debts due to or from associated companies or persons as at the balance sheet date should be reported at the time the accounts are delivered.

- (iii) An analysis of “Other debtors” and “Other creditors” if these items appear in the accounts.
- (iv) Details of assets charged as security for bonds or otherwise and of any account on which a minimum credit balance is required to be maintained.
- (v) Members undertaking non-licensable business as a principal are required to deliver a statement of Adjusted Net Current Assets in the prescribed form (Form Audit 008 - see Appendix 10).

Members whose activities as a Principal are not bonded or protected by the Association **and who have no other activities bonded or protected by the Association**, will be exempted from the requirement to provide a statement of Adjusted Net Current Assets unless specifically required to do so by the Board of Directors.

- (vi) If not shown in the accounts, where the Member is a partnership any changes in the composition of the partnership and/or the share of profit to which each partner is entitled should be disclosed.
- (vii) If not shown in the accounts, the point within transactions at which income is recognised should be disclosed (e.g. on first booking, on payment of balance, on the date of travel or other) as should any changes to any other accounting policy.
- (viii) Where a Member is part of a group, or has dealings with connected companies or businesses, the accounts of the group or specific companies or businesses may be required.

2.4 Quarterly Turnover Returns

- (i) A Member undertaking Retail Business is required to provide, in respect of each quarter of his accounting year, a return (Form QTC - see Appendix 20) showing for each quarter the amount of gross retail turnover and, if applicable, gross turnover as a principal and other turnover (see Section 4.9(i)). Members who provide the maximum retail bond (see 4.7) and who have no other activities which are protected by the Association, will be exempted from the requirement to provide a quarterly return of retail turnover unless specifically required to do so by the Board of Directors. They will also be exempt from the requirement to contribute to the TABRS.
- (ii) The aggregate of turnover reported for four quarters, the last of which ends on the Member’s accounting reference date, should match the turnover shown in the annual Turnover Return and Analysis which

should accompany the Member's accounts. The turnover reported on a quarterly basis, like that in the annual Turnover Return and Analysis, should be prepared on the same accounting basis as that used to prepare the annual accounts. The figures on the return should include VAT where appropriate.

- (iii) Each quarterly turnover return must be supplied to the Association within 28 days of the end of the quarter.

2.5 New Branch Offices

Under the provisions of the Articles any Member opening a new branch, or changing address or closing a branch must notify the Association within seven days of commencing or ceasing to carry on business at any address. The opening of a new branch should be notified on the form available from the ABTA Membership Department or the Association's website which in the case of Members conducting retail business will be accompanied by a Statement of Projected Branch Turnover (see Appendix 28). This must be completed and returned before the new branch will be allotted an ABTA number (see Section 4.9 (ii))

Members who provide a retail bond at the maximum amount applicable from time to time will not be required to provide a Statement of Projected Branch Turnover unless specifically required to do so by the Board (see 4.9(iii)).

2.6 Returns of Projected and Actual Turnover as Principal

- (i) The Annual Turnover Return and Analysis (see note 2.3 (i) above) provides details of turnover as a principal, both licensable and non-licensable, for a Member's accounting year, prepared on the same accounting basis as the Member's accounts.

A statement confirming that the report has been prepared on the same accounting basis as the accounts will be required. Where applicable, VAT should be included.

- (ii) A Member undertaking non-licensable package business as a principal and bonded with the Association, and any Member undertaking non-licensable non-package business who may elect to be bonded with the Association is required under the Articles to submit in advance of the renewal date of any bond provided to the Association or the anniversary or renewal date of any other security which the Member

has put in place to protect consumers in respect of such business, an estimate of turnover for the 14 months following the renewal date. This is done by completing the Application for bonding of non-licensable activities.

- (iii) Each Member undertaking non-licensable business as a principal is required under the Articles to make a return (Form QTC - Appendix 20) of the actual turnover achieved in each quarter of the accounting year (see 2.6(iv) below).
- (iv) Members whose Principal business is not bonded or protected by the Association and who have no other activities bonded or protected by the Association, will be exempted from the requirement to provide a quarterly return (see 2.6(iii) above) unless specifically required to do so by the Board of Directors.
- (v) The projected turnover is required to be reported on the same basis as the accounts irrespective of departure date.
- (vi) Members conducting non-licensable business are required under the Articles to submit a Reporting Accountant's confirmation of the turnover arising from such business.
- (vii) A Member conducting licensable business is required to supply the Association with a copy of:
 - (a) each ATOL application;
 - (b) each licence and any subsequent variation; and
 - (c) any other documentation requested.
- (viii) The Association will, in certain circumstances, accept evidence of security arrangements with other specified organisations where those arrangements comply with relevant legal requirements (please refer to section 4.14).

2.7 Miscellaneous Returns and Information

- (i) To qualify for various concessions in the calculation of the security required in respect of retail business it is necessary for a Member to provide additional documentation. The concessions authorised for the time being are shown together with the information required to support any claim in the notes accompanying the Annual Turnover Return and Analysis (see Appendix 9).
- (ii) (a) New Members are required to submit management accounts consisting of at least a balance sheet and profit and loss account made

up to a date six months from admission to membership or from the change of control.

- (b) These accounts must be accompanied by a report from the Member's Reporting Accountant in the prescribed form (Audit 012 – see Appendix 13).
- (c) The accounts and the report from the Member's Reporting Accountant (Audit 12) are required to be submitted within sixty days from the balance sheet date.
- (iii) A Member transacting business only as a principal or only as an agent who commences or proposes to transact business in the other category must notify the Association in writing. Where the intention is to commence undertaking business as a principal for which an ATOL is not required, the Member must give twenty-eight days written notice before offering the arrangements for sale.
- (iv) Members conducting non-licensable business as principals and whose activities are bonded or protected by the Association must notify the Association as soon as they have reason to believe that their annual rate of turnover will exceed that on which bonding was calculated (see Appendix 18 or 19).
- (v) A Member who holds an ATOL is required to notify the Association of any changes in the nature or status of their ATOL or of any revocation of their licence for whatever reason, such notification to be made within 28 days of the change.

Section 3 Financial Criteria

3.1 General

Members must be able to satisfy and continue to satisfy the Board of Directors that they continue to meet all the criteria for Membership, financial or otherwise. The criteria in this section refer to the balance sheet position of a Member. This does not mean that the profit and loss account is not important. Losses affect the balance sheet, and an unprofitable business, dependant upon injections of cash to maintain liquidity and solvency, must, even if the balance sheet at a particular date satisfies the minimum criteria set forth, be regarded as inherently riskier than a profitable one. This may be reflected in the nature and extent of security required.

3.2 Nature of Capital

(i) Companies having share capital

- (a) Share capital, to be accepted as satisfying the Association's requirements in that respect, must be issued and paid-up.

The proceeds of any share issue must have been received by the Member company. If the proceeds of a share issue are represented by a debtor balance, both the debtor and the related share issue will be disregarded when the Member's financial position is considered.

- (b) The amount standing to the credit of a paid-up share premium account or a capital redemption reserve set up under Companies Act 2006 S733 will be accepted as counting towards satisfaction of a requirement for share capital.
- (c) Redeemable shares, issued and paid-up, will usually be accepted in satisfaction of a requirement for share capital notwithstanding their classification in the Member's accounts. This will be subject to the Member giving an undertaking in the Association's form of words not to redeem those shares or any of them without having given not less than twelve months notice in writing of the proposed redemption to the Association and having received the Association's prior written consent to it (see Appendix 33). Where redemption is at the shareholder's option, the Member company will need to demonstrate that the holders of the redeemable shares have irrevocably consented to the undertaking.

- (d) Full details must be provided of the terms attaching to all classes of shares other than ordinary shares to which no special terms are attached.
- (e) No loan creditor amount, however subordinated and/or postponed, will be treated as equivalent to share capital. Loan creditors are always treated as liabilities to be deducted from assets for the Association's purposes.

(ii) Unincorporated Businesses

- (a) Proprietors' capital is equivalent to the aggregate of share capital and reserves in a company limited by shares. Drawings and/or adverse trading results will reduce capital and net assets, affecting ability to comply with any requirement to maintain a minimum level of capital or net assets.
- (b) The amount standing to the credit of proprietors' capital will be reduced by the amount of any sums due from the proprietors shown otherwise than as part of the capital account. For example, a current asset debtor in respect of an amount due from a proprietor would be disallowed from current assets and offset against capital account, reducing working capital, proprietors' capital and net assets.
- (c) Loan creditors will not be regarded as equivalent to proprietors' capital. Loan creditors are always treated as liabilities deducted from assets.
- (d) The balance sheet should include only assets actually used in the business and which are available to meet debts due to creditors.

(iii) Companies not having a share capital

- (a) A corporation without a share capital, such as a company limited by guarantee, is essentially in the same position as an unincorporated business in that its reserves are equivalent to the aggregate of share capital and reserves in a company limited by shares.
- (b) The amount potentially payable by guarantors in a company limited by guarantee will not be counted towards working capital or net assets (in the same way that share capital is recognised only when fully paid-up).
- (c) Loan creditors, no matter how the loan may be subordinated and/or postponed, are always treated as liabilities to be deducted from assets.

(iv) Limited Liability Partnerships

- (a) Provided for by the Limited Liability Partnerships Act 2000 and the Limited Liability Partnerships Regulations 2009. A Limited Liability Partnership ("LLP") is a body corporate with a distinct legal personality separate from that of its members. In general, the accounting and audit provisions of the Companies Act 2006 apply to LLPs, with modifications as necessary contained in the Regulations.
- (b) Notwithstanding that the balance sheet formats in the Regulations show loans made by its members to a LLP along with capital and reserves, for the purposes of the Association all loan creditors will be treated as deductions from assets.
- (c) In the absence of share capital, capital and reserves must be treated in the same way as for a company without a share capital.

3.3 Amount of Capital

Except as and to the extent that the Board may decide otherwise in any individual case, the requirements of 3.3(i), (ii) and (iii) shall not apply where the activities of a Member are not (or, in the case of an applicant, will not be) wholly or in part bonded or protected by the Association or where a Member is engaged (or, in the case of an applicant, when in membership will be engaged) in Retail Business only providing a bond in respect of that activity in the maximum amount as set for the time being.

- (i) The minimum acceptable amount of paid-up share capital or balance on proprietors' capital accounts for New Members (as defined) is £30,000.
- (ii) A Member undertaking retail business only or retail business together with business as a principal with an annual rate of gross turnover of less than £500,000 not sold through third party agents must maintain £30,000 minimum capital level throughout the New Member period.
- (iii) A Member undertaking only business as a principal is required to maintain the £30,000 minimum level of capital whilst in membership. In addition this applies to Members undertaking Retail Business who also engage in Principal Business with an annual rate of gross turnover of more than £500,000 as a principal or, irrespective of the amount of turnover, if arrangements sold as a principal are made available for sale through agents.

3.4 Net Assets

Except as and to the extent that the Board may decide otherwise in any individual case the requirements of 3.4 shall not apply where the activities of a Member are not (or in the case of an applicant, will not be) wholly or in part bonded or protected by the Association or where a Member is engaged (or, in the case of an applicant, when in membership will be engaged) in Retail business only providing a bond in respect of that activity in the maximum amount as set for the time being.

- (i) It is not acceptable for a Member to have a net asset deficit.
- (ii) If a Member submits accounts which show a net asset deficit, membership will be terminated, unless it is acceptably evidenced that between the date of the balance sheet showing the deficit and the date by which those accounts were due to be submitted (either under the provisions of Article 10 or in accordance with some other requirement set by the Association) the net asset deficit has been corrected to the Association's satisfaction.
- (iii) The acceptable means to correct a net asset deficit will be:
 - (a) an issue of paid-up share capital or increase in proprietor's capital account sufficient to correct the deficit, usually representing an introduction of cash; or

a revaluation of tangible fixed assets by a suitably qualified person not connected with the Member. A copy of the valuation must be provided to the Association and the results must be incorporated in subsequent accounts.
 - (b) Any other proposed method of correcting a net asset deficit must be approved by the Association on a case by case basis. Post balance sheet trading will not be accepted as having corrected a net asset deficit.
 - (c) If the additional share capital issued or the terms on which proprietor's capital is introduced to correct a net asset deficit were to result in a change of financial control as defined by Article 9(5) the Member would have to apply for continuance of membership within seven days as required by that Article and would need to comply with the financial criteria applicable to a New Member.

- (iv) (a) New Members whether undertaking Retail Business or Principal Business must have net assets of not less than £30,000 to be maintained throughout their time as New Members.
- (b) In considering a New Member's net asset position, the value attributed in the balance sheet to the following will be disallowed:
- Intangible fixed assets (e.g. goodwill, franchise fees, the cost of investments in unquoted companies, development costs) or other fixed assets of uncertain value, which may not be classified in the accounts as intangible fixed assets such as Website costs or computer software;
- In considering a New Member's current asset position (see 3.5(i)(b)), the value attributed in the balance sheet to the following will be disallowed:
- Debtors by way of sums due from connected undertakings which have not arisen in the course of the Member's trade with settlement on the same terms as apply to unconnected trade debtors.
- (c) In considering a New Member's current asset position, the value attributed to debtors by way of directors' or proprietors' loan accounts will be disallowed.
- (d) Debtors which cannot be demonstrated to be due within one year will also be disallowed for the purposes of calculating a Member's current asset position.
- (v) A New Member must make good any shortfall of adjusted net assets against the required level.
- (vi) A Member not subject to the criteria applicable to New Members will have net assets adjusted as indicated at (iv) (b) when accounts are reviewed. In the case of a Member undertaking Retail Business, if this adjustment creates a deficit the Member will be required to pay a TABRS contribution under band 2(c) (see Section 4.6 (ii)(b)). The Member may also be asked to provide additional security.

3.5 Working Capital / Liquidity

(i) Travel Agents

Where a Member's retail activities are bonded at the maximum amount applicable from time to time (see 4.7) the working capital and liquidity requirements set out in 3.5(i) shall not apply, unless specifically required by the Board in whole or in part.

- (a) For a Member undertaking Retail Business, working capital is taken as being net current assets adjusted by the disallowance of amounts attributed to debtors falling due for payment after one year; overdrawn directors' accounts; amounts due from connected undertakings or persons not arising from the Member's normal trade and settled on the same terms as apply to unconnected trade debtors; the value of current assets pledged as security; and items which, notwithstanding their inclusion in the accounts as current assets, the Association considers it appropriate to regard as fixed assets.
- (b) New Members conducting Retail Business are required to maintain working capital of at least £15,000 throughout their time as New Members.
- (c) A member conducting Retail Business who presents accounts with a working capital deficit will be required to pay a contribution under band 2(b) of TABRS irrespective of subsequent correction of the deficits (see Section 4.6 (ii)(b)).
- (d) A Member conducting Retail Business and not subject to the requirement applicable to New Members unless in full TABRS membership must provide additional bonding unless the deficit is corrected after the balance sheet date and within a timescale acceptable to the Association.
- (e) A Member undertaking Retail Business and subject to the New Member requirements must correct any shortfall against the minimum working capital level required to be maintained through the period as a New Member.
- (f) To correct a working capital deficit (or shortfall against a required minimum) will usually involve the introduction of additional funds by way of further capital (share capital or proprietors' capital account) or long-term loan or the conversion of short term loan creditor to long-term.
- (g) To be recognised as long-term, a loan creditor will normally be required to subordinate and postpone the loan in ABTA's standard form unless the terms of a commercial loan represented as being long-term are evidenced (see Appendix 30 or 31).

(ii) Principals

Where a Member's activities are not bonded or protected by the Association either in whole or in part, the net recoverable current assets or 4% criterion requirements set out in 3.5(ii) shall not apply, unless specifically required by the Board in whole or in part.

- (a) For the purposes of Section 3(5) (ii), the annual rate of non-licensable Principal Business turnover shall be that which is (or would be) bonded by the Association. This would normally be the greater of the annual rate of turnover of non-licensable Principal Business in the Member's last accounting period ended before the relevant bond renewal and the annual rate of turnover of non-licensable Principal Business projected for the forthcoming bonding year. Total Principal Business is the non-licensable turnover as a Principal plus "Public Sales" licensable turnover.
- (b) A Member undertaking Principal Business for all of which an ATOL is required must comply with the requirements of the Civil Aviation Authority as regards liquidity ("free assets" in the CAA's terminology) but will not usually be required by the Association to satisfy any additional liquidity requirements arising from that turnover.
- (c) A Member undertaking Principal Business for which an ATOL is not required and bonded with the Association for that business, is required to have Net Recoverable Current Assets equivalent to not less than 4% of the annual rate of turnover of total Principal Business, if the annual rate of turnover of non-licensable Principal Business is £500,000 or more or if such business represents 30% or more of the Member's total turnover.
- (d) Net Recoverable Current Assets consist of the Member's net current assets adjusted by disallowance of items shown in Form Audit 008 which is required to be submitted with the Member's accounts (see Appendix 10).
- (e) Where a Member's Net Recoverable Current Assets fall short of the 4% requirement, the unencumbered value of freehold or long-leasehold property and ships in the Member's balance sheet may be offset against the shortfall. For ships we will accept 75% of net book value less any charge held against them.

Long-leasehold property should have not less than 50 years of the lease unexpired. The property must be located in the UK.

Where a property is located outside the UK, the amount which may be offset against the shortfall will be that which a bank has lent or would be willing to lend against that property.

- (f) If the value attributed to freehold, long-leasehold property or ships in a Member's balance sheet is not sufficient to absorb a shortfall in Net Recoverable Current Assets, and it is suggested that a higher valuation be used, this may be acceptable, but to be considered such a valuation must be recent, prepared by an appropriately qualified unconnected person or firm and must be incorporated in subsequent accounts.
- (g) If, after any acceptable offset of property/ship value, there is still a shortfall against the 4% Net Recoverable Current Asset requirement, a Member will be required to correct the shortfall, by injecting new money by way of additional capital (share capital or proprietors' capital account) or long-term loan, or converting short-term loan creditor(s) to long-term. Alternatively, it will normally be acceptable for the shortfall to be covered by bonding of an amount equal to the shortfall, this bonding to be provided to the Association over and above turnover-linked bonding. This option is not available to New Members or Members not bonding principal turnover with the Association. In any individual case the requirements arising from the normal operation of these regulations may be referred to the Membership Committee at the request of the Member or the Association's Secretariat for review and, as the Committee may see fit, adjusted or waived.
- (h) Members will not be required to provide a bond of more than £25 million in respect of the NRCA position.
- (i) Where a Member conducting non licensable activities as a Principal protected by the Association has an adjusted Net Asset Deficit, the Member may be asked to provide additional security to the Association.

Section 4 Provision of Security

4.1 Security in general

Under the terms of ABTA's Articles of Association it is a basic qualification for membership that Members have satisfied and/or continue to satisfy the Board of Directors that there is in force a bond and/or guarantee and/or other security in such form and for such amount as is acceptable to the Board of Directors and which it, in its discretion, shall consider necessary.

The powers of the Association are very wide to enable it to protect the funds of the Association. Although Members provide security each in respect of his own business, there is a considerable degree of mutuality which requires some common means of protection.

4.2 Bonds in general

- (i) Where Members provide security to the Association by way of bonds, those bonds must be supplied by obligors acceptable to the Association. A list of acceptable bond obligors is available on the ABTA website.
- (ii) Unless agreed by ABTA, a bond will be required to be valid for eighteen months and to be renewed after twelve months, so that in the event of a Member failing to renew a bond for whatever reason the Association has the comfort of a six month "run-off" period.

Special rules apply to peak period bonds (see 4.12(ix)).

- (iii) A bond issued for a period other than eighteen months will fall due for renewal six months before its termination date so that in all cases there will be a six month "run-off" period.
- (iv) Any bond held by the Association in respect of a former Member who has left the Association for whatever reason or held in respect of a type of business which a continuing Member no longer undertakes will normally be retained until its termination date, but may be relinquished at the discretion of the Association.
- (v) Early release of a bond will not usually be considered without the provision to the Association by the Reporting Accountant to the Member or former Member or (where appropriate) the Liquidator or Receiver of the former Member of a report in one of the forms shown at Appendices 1 to 5.

4.3 Provision of Consumer Protection by means other than Bonds

- (i) Members whose activities consist of the supply, as a Principal, of package holidays which do not require an ATOL may elect to protect customers by any means allowed under the terms of the Package Travel Regulations other than the operation of a trust account.

When a Member elects to do so by means of insurance, and when the Member has no other activities bonded or protected by the Association, usually no bond or other security will be required.

- (ii) A Member who elects to protect consumers by means of insurance will be required to lodge a copy of the insurance policy with the Association and to confirm on an annual basis that the policy is still valid or if appropriate that a replacement policy is in force.
- (iii) Members who act as a Principal for the supply of services which do not constitute a package may elect not to protect consumers (see 4.10(iii)).

4.4 Applicable Risk Turnover (“ART”) – Retail Business

- (i) ART consists of the total gross retail business exclusive of the supply of travellers’ cheques and foreign currency of a Member and various allowances authorised by the Association (see Appendix 9). Any retail activity represented in a Member’s accounts by a figure for commission only must be grossed-up. Only those reliefs authorised by the Association will be granted and only if claims for reliefs are properly supported by the required documentary evidence.
- (ii) The reliefs currently authorised and the documentation required to make valid claims to those reliefs are shown in the guidance notes accompanying the Annual Turnover Return and Analysis which must be submitted with each Member’s annual audited accounts.
- (iii) ART is normally based on the higher of actual not projected figures as shown in Members’ accounts. Some reliefs will not be available to New Members on joining the Association or to Members newly undertaking Retail Business until they have submitted their annual accounts and accompanying Turnover Return and Analysis including Retail Business and supported by such documentary evidence as is required for claims to reliefs.
- (iv) Turnover from sales of travel insurance should be included in retail turnover, and consequently in ART unless relating to arrangements

sold as a principal in which case it should be included with the relevant Principal Turnover.

4.5 Travel Agents' Bond Replacement Scheme ("TABRS")

- (i) Members' contributions to the scheme represent payments to an ABTA "captive" insurance company, ABTA Insurance PCC Ltd, ("AIPCC") and bear Insurance Premium Tax at the rate for the time being in force.

A claim will be made by ABTA on the policy in two situations:

1. If an ABTA Member fails financially and the bond held by ABTA is insufficient to pay the claims received, or if the bond is ineffective for whatever reason.
2. If a Member in full entry fails (see below) financially and claims need to be paid by ABTA.

In the event that a claim is made on the policy and payment made by AIPCC, it should be noted that AIPCC will seek to recover this payment from the ABTA Member.

- (ii) The scheme replaced the former "shortfall" insurance for retail business. Contributions to the scheme and the rates of contribution are described in section 4(6).
- (iii) Where a Member's accounts give rise to contribution under bands 2(b) and/or 2(c), the contributions are payable irrespective of subsequent correction of deficits. It should be remembered that the Association's insurance company will have been exposed to the risk represented by those deficits.

Any Member conducting retail activities whose balance sheet has either a working capital or net asset deficit is required to pay band 2(b) and/or band 2(c) contributions notwithstanding the provisions of 4.5 (v) below.

- (iv) Members who are bonded at the maximum amount applicable from time to time will not be required to make any contribution to the scheme so long as their bond level remains at the maximum level.
- (v) (a) In addition, the scheme offers to some Members an alternative to the provision of a bond as a means of providing security specifically for their own retail turnover. This is through the payment of contributions under band 2(a). This is referred to as full entry to scheme.

- (b) In general, it is open to a Member undertaking Retail Business to elect each year whether to pay a band 2(a) TABRS contribution or provide a retail bond. This option is usually available only to those Members who have been Members for three full years.

Applications for exceptions to be made to this general rule will be considered on an individual case by case basis.

- (vi) There are some Members who do not have the option of paying a band 2(a) TABRS contribution rather than providing a bond:
 - (a) New Members during their period in that category must provide bonds to protect their retail turnover;
 - (b) Members with an annual rate of ART in excess of £50m must provide bonds;
 - (c) Any Member whose retail turnover would in the opinion of the Association be more appropriately protected by a bond.
 - (d) Members who currently provide a bond and whose latest accounts held by the Association are more than nine months old.

4.6 TABRS Contribution Rates

Premium rates are fixed each year by the Board of the relevant captive. These premiums are then collected from Members as applicable and paid over to the appropriate captive. Rates are subject to change. As at November 2009 these are currently as follows:

- (i) Band 1

A flat rate contribution required from all Members conducting Retail Business.

The Minimum annual contribution per member is £200 plus, for each branch or Outside Sales Representative £17.50.

The number of branches/OSRs in respect of which a charge will be made is that at the time of raising the invoice if that differs from the number at the balance sheet date.

- (ii) (a) Band 2(a)

The annual contribution is based on the annual rate of ART in a Member's audited accounts.

The current rate of contribution is 0.15%.

The minimum amount of the annual contribution is £250.

(b) Bands 2(b) and 2(c)

The method of assessing the amount of any contribution required from a Member under band 2(b) and/or 2(c) is intended to take into account the significance of the deficit(s) in relation to the size of the Member's total business. This is achieved by expressing each deficit as a factor of the Member's total annual rate of turnover to produce an indicator number. By reference to the relevant table, the indicator will produce the rate of contribution to be applied to the Member's annual rate of ART.

The amounts payable under bands 2(b) and 2(c) are subject to limits of £20,000.

(c) Calculation of Indicator - Illustration

	£	£	£
Total turnover	500,000	500,000	1,000,000
Working capital or Net asset deficit	250,000	100,000	100,000
Indicator	2.0	5.0	10.0

(d) Contribution Tables

For Band 2(b) - Working Capital Deficit

INDICATOR		CONTRIBUTION (% OF ART)
More than	Equal to or less than	
0	1	1.20
1	2	0.60
2	3	0.30
3	4	0.24
4	5	0.18
5	10	0.12
10		0.06

For Band 2(c) - Net Asset Deficit

INDICATOR		CONTRIBUTION (% OF ART)
More than	Equal to or less than	
0	1	2.5
1	2	2.2
2	3	2.0
3	4	1.7
4	5	1.5
5	6	1.2
6	7	1.0
7	8	0.8
8	9	0.5
9	10	0.3
10		0.1

(e) Illustration of contributions due

Working capital deficits

	£	£	£
Total turnover	500,000	500,000	1,000,000
Working Capital Deficit	250,000	100,000	100,000
Indicator	2.0	5.0	10.0
Contribution (%)	0.60	0.18	0.12
ART	450,000	450,000	900,000
Band 2(b) Contribution	2,700	810	1,080

Net asset deficits

	£	£	£
Total turnover	500,000	500,000	1,000,000
Working Capital Deficit	250,000	100,000	100,000
Indicator	2.0	20.0	6.6
Contribution (%)	2.2	0.1	1.0
ART	500,000	200,000	900,000
Band 2(c) Contribution	11,000	200	9,000

4.7 Retail Bonding

- (i) Bonds in respect of retail activities are subject to a maximum amount. This varies according to the total value of subscription income generated by members conducting activities as a principal as it is this sum which represents the Association's total annual exposure to claims from Members conducting business as a Principal.

Members who provide a retail bond at the maximum amount will not be required to provide quarterly returns of retail turnover and will not be required to contribute to the TABRS (see 4.5)

In addition, the normal liquidity and net asset requirements as set out in 3.3, 3.4 and 3.5 will not be applied unless specifically required by the Board of Directors in whole or in part.

Bonds in respect of retail activities are subject to a minimum amount depending on the status of the Member (see 4.8).

- (ii) Bonding rates are set by the Association and are subject to review. A Member conducting Retail Business who opts, or who is required, to provide a bond in respect of that business will generally be bonded at the following rates on the annual rate of "Applicable Risk Turnover".

Applicable Risk Turnover	Bond required
£1,000,000 or less	£25,000 minimum amount
£1,000,001 to £2,000,000	£25,000 plus 2% x ART excess over £1m
£2,000,001 to £5,000,000	£45,000 plus 3% x ART excess over £2m
Over £5,000,000	£135,000 plus 1.5% x ART excess over £5m Subject to maximum (see above)

Please note that the rates above are cumulative, thus a member with an Applicable Risk Turnover of £2,500,000 and no deficit would be bonded as follows:

Applicable Risk Turnover	Rate	Bond
Up to £1,000,000		£25,000
£1,000,001 to £2,000,000	2%	£20,000
£2,000,001 to £5,000,000	3%	£15,000
Total Bond	2.4%	£60,000

4.8 Minimum Bond Amounts – Retail

- (i) The minimum bond amount acceptable in respect of retail business is £25,000.
- (ii) New Members will be bonded at a rate 50% higher than the rate applicable to existing members.
- (iii) (a) If a Member's balance sheet, as adjusted during the process of review, has a working capital deficit, and retail turnover is protected by a bond, an amount of bonding will be required in addition to the primary bond. The additional bond will be calculated according to the formula:

$$\text{Applicable Risk Turnover} \times \frac{\text{Working Capital Deficit}}{\text{Total Turnover per Accounts}}$$

or, if greater, 1% of Applicable Risk Turnover.

- (a) If the deficit is satisfactorily evidenced as having been corrected, the additional bond requirement may be waived.
- (b) In cases where the additional bond raises the amount of retail bonding to more than 10% of Applicable Risk Turnover, the Membership Committee may cap the total at 10% of ART.
- (iv) Where a Member sells arrangements technically as an agent, but to be sold with other arrangements, either as agent or as principal, so as to constitute a package in reality, such arrangements shall be bonded at the appropriate rate for Principal Business, although the bond form will be that for Retail Business. The reliefs available when arriving at "Applicable Risk Turnover" do not apply to such business, nor may such business be secured by means of payment of band 2(a) contributions to TABRS.
- (v) When the amount of retail bonding set for bond renewal is less than that of the bond held, the Association may require the higher level of bonding to be maintained for the first six months of the period of the new bond. The amount of any bonding required as a result of balance sheet deficits may be disregarded for this purpose.
- (vi) Where a member has an adjusted net asset deficit, an additional bond will be required.

4.9 Security for increased Retail Turnover

- (i) The quarterly returns of Retail Turnover (Form QTC – see Appendix 20) will be used to calculate a rolling annual rate of turnover. Where the rolling annual rate of retail turnover significantly exceeds the annual rate of retail turnover on which a Member's security requirement was calculated, additional security by way of bonding or band 2(a) TABRS contribution may be required. For this purpose, an increase of 20% or more in the rate of turnover may be taken as an indication of what will be regarded as significant (see 2.4).
- (ii) Where a new branch office is notified, there must be a projection of the first twelve months' turnover (see 2.5). If the projected turnover for the new branch, or the aggregate projected turnover of new branches notified since the last calculation of retail bonding or TABRS band 2(a) contribution, when added to the annual rate of turnover on which that last calculation was made gives a significant increase in the annual rate of turnover, additional security may be required as in 4(9)(i) above.
- (iii) Where a Member's retail activities are bonded at the maximum amount applicable from time to time (see 4.7) the requirements set out in 4.9 (i) and (ii) shall not, unless specifically required by the Board in whole or in part, apply.

4.10 Business as a Principal to be protected

- (i) Licensable business should by law be protected by the Civil Aviation Authority, and the Association will not require security from a Member holding an ATOL in respect of business protected by that licence. However, if a Member undertakes business which is believed to be licensable without holding an ATOL, the Association will require the provision of security in respect of that business, as an interim measure.
- (ii) Non-licensable package business as a principal, exclusive of the supply of travellers' cheques and foreign currency, must be protected as required by the Articles and the Package Travel Regulations (see 4.3 (i), (ii) and (iii)). Business to be protected includes refundable breakage deposits as well as turnover.
- (iii) Members conducting non-licensable business as a principal and which is not a package may elect not to protect that element of their business. Where such an election is made, Members are required under the Code of Conduct to make this clear to consumers. Any such election is permitted at the relevant time of bond renewal only (see 4.3 (iii)).

- (iv) Non-licensable business must be declared for bonding regardless of the point of departure or location of the customer.
- (v) The following categories of business are generally considered to be outside the scope of bonding:
 - (a) Turnover derived from the supply of arrangements to another principal so that no contract exists between the Member and the consumer, which would include contract hire of coaches, etc. (though not private hire);
 - (b) “Stage fare” scheduled transportation;
 - (c) Excursions in resorts paid for at the resort; and
 - (d) Camp site revenue.

[Note: The above list is not meant to be exhaustive and is, in any event, always subject to review. That these categories of turnover may not be bonded does not mean that they are not included for the purposes of calculating membership subscriptions.]

4.11 Basis of the Bonding Calculation for Business as a Principal

- (i) Bonds required in respect of Principal Business are generally renewable at 31st March or 30th September depending upon the Member’s accounting reference date. Calculation of a Member’s Net Recoverable Current Assets requirement cannot be wholly separated from the process of bond renewal.
- (ii) Turnover is defined as the gross turnover paid or payable by customers before deduction of any payments to agents by way of commission.
- (iii) Bonding required is calculated on the greater of the annual rate of turnover in the Member’s latest accounts made up to a date before the bond renewal and the Member’s declaration of projected turnover for the bonding year.
- (iv) A member’s request to have a bond calculated on a figure for projected turnover lower than that in the accounts must be referred to the Membership Committee for consideration.

- (v) The turnover in a Member's accounts and declared in the Annual Turnover Return and Analysis submitted with those accounts, will be in accordance with the accounting policies of the Member (see 2.3 (vii) above); the projected turnover is required to be based on gross receipts calculated on the same basis as the Member's accounts.

4.12 Rates of Bonding Non-Licensable Business as a Principal

- (i) The rate of bonding applied to the greater of accounts and projected turnover (Note 4.11(iii)), is calculated according to a formula. This takes into account the extent to which a Member's terms of business depart from what may be regarded as the "industry norm" in respect of the proportion of fares on average received by way of deposit(s) and the timing of all payments relative to the date of departure(see 4.12)(x)).
- (ii) The minimum rate of bonding is 10% for non-licensable business as a principal unless stated otherwise. The formula provides one way of recognising through a higher bonding rate, the greater risk to the Association which attends the taking of a higher proportion of the price of the holiday or other facilities further in advance of travel than the "industry norm".
- (iii) The usual rate of bonding for UK transportation, which is taken to include day-trips that do not form part of some larger package, is 5%. This can apply only to arrangements falling outside the scope of the Package Travel Regulations 1992.
- (iv) Refundable breakage deposits are usually bonded at 50%.
- (v) For **new Members**, the rate of bonding applicable to most non-licensable business as a principal will be a minimum of 15%, and the rate for UK transportation will be a minimum of 10%.
- (vi) A Member who is not, but who commences or notifies an intention to commence, undertaking non- licensable business as a principal will be bonded at the rates applicable to a New Member.
- (vii) For a Member offering a single event programme, and where bookings are taken during the bonding year and the contract is completed during that year, a minimum bond of 15% of the projected turnover must be provided at the beginning of the bonding year. This applies even if the promotion of the event does not commence and bookings are not taken until some time into the bonding year. No later than two weeks before the "balance due" date shown in the booking conditions, the

bond must be increased to 50% of the bonded turnover. Once the Member's Reporting Accountant has confirmed to the Association that all contracts have been fully completed the bond can be released provided that, for the remainder of the bonding year, no further single event(s) is(are) promoted or bookings taken.

- (viii) For a Member whose programme consists of a series of single events 4.12 (vii) does not apply.
- (iv) (a) **Peak Period bonding** is required when, for any period of three consecutive months, the projected turnover represents 70% or more of the total projected turnover for the bonding year.
 - (b) The additional bond should be in place six weeks prior to the start of the peak period and expire no sooner than six weeks after the end of the peak period.
 - (c) The additional bond required from a Member providing a bond at 10% of the annual turnover is such as will give, together with the existing bond, bonding equivalent to 40% of the peak quarter's turnover.
 - (d) The additional bond required from a New Member providing a bond at 15% of the annual turnover is such as will give, together with the existing bond, bonding equivalent to 60% of the peak quarter's turnover.
 - (e) When considering the amount of additional bonding required during a period, any bonding provided in lieu of correcting a balance sheet weakness shall not be taken into account.
- (x) The level of bond required will be adjusted to reflect a Member's booking conditions and the timing of the collection of both deposits and balances due. The formula for doing this is often referred to as 'the Austin formula' (see appendices 14 & 15).

4.13 Minimum Acceptable Bond Amounts for Non-Licensable Principal Business

- (i) The rates of bonding are subject to minimum acceptable amounts.
- (ii) The minimum bond amount acceptable in respect of business as a principal shall be £5,000.
- (iii) When the amount of bonding based on non-licensable principal turnover set on renewal is less than the bond provided (or which

should have been provided) for the previous period, the amount of bonding must be maintained at the higher level for the first six months of the new bonding year. The amount of any bonding in respect of a shortfall of Net Recoverable Current Assets shall be disregarded for this purpose.

4.14 Bonding outside the Association

- (i) In general this has applied more to Principals than to Agents, and the basic principle applicable to both is that the Association will consider accepting, in lieu of its own arrangements, protection for the travelling public at least as extensive as that under the Association's scheme of protection (see also 4.3(i)).
- (ii) The most common third party bonding arrangements are those with the Association of Independent Tour Operators (AITO), Confederation of Passenger Transport (CPT) and the Passenger Shipping Association (PSA).
- (iii) Under a Deed of Agreement of 26 November 1993 as amended 28 October 1998, a Member being also a member of AITO may bond with AITO Trust and ABTA accepts that this "shall constitute compliance with any consumer financial protection requirements of whatever nature...." and in particular removes any need for [the] Member to have an ABTA Bond or pay an ABTA Levy, provided that the turnover of the Member's non-licensable Principal Business does not exceed a specified maximum sum. This sum was set in 1998 at £2,500,000 to be increased by 5% from 26 November 1999 and each 26 November thereafter.

A similar scheme is in operation with the Association of Bonded Tour Organisers Trust Limited ("ABTOT").

- (iv) It is for individual members to provide evidence that bonding or an acceptable alternative is in place with a third party organisation.
- (v) Where a Member conducts business overseas, it is for the Member to show that any local schemes of protection used provide an alternative acceptable to the Association, failing which protection for such turnover may be required to be put in place with the Association.
- (vi) Where a Member's activities covered by the Package Travel Regulations are bonded or otherwise protected with an approved third party the Association will require the provision of a bond where the

Member has elected to provide protection for activities which are not covered by the Package Travel Regulations (but see 4.10(iii))

4.15 Shortfall Policy – Principal Business

- (i) The Articles require Members to have contributed as required by the Association towards the cost of maintaining insurance to provide further cover in the event that any bond or other security provided by an individual Member may prove inadequate to cover liabilities in respect of non-licensable Principal Business.
- (ii) This is set annually by the Board of Directors to be paid by all relevant Members conducting non-licensable Principal Business bonded with the Association. New Members conducting such business and existing Members who, not having previously done so, commence non-licensable business are required to make a payment on joining or on notifying non-licensable business is to be commenced.

4.16 Other Forms of Security

- (i) The discretion given to the Association by its Articles to require the provision of security is without limit as to both amount and type, and some of the more common forms of security required in addition to bonding or payment to TABRS are shown below.

- (ii) Guarantee

Although each Member is generally required to comply with any financial criteria in its own right, without reliance upon the position of a parent company or associated companies, there are occasions when it is appropriate to accept a guarantee given by another company in respect of a Member.

- (iii) Undertaking not to Loan Funds to or Guarantee the Liabilities of Any Connected Company or Person

This is intended to prevent the accumulation of assets, especially current assets, in the balance sheet of a Member which are not “arm’s-length” commercial assets and to restrict the ability of Members to use their funds to support external activities. It should be remembered that, in the past, the Association has suffered loss as a result of Members failing after having used their funds to support connected businesses, which were not necessarily travel businesses. Where a Member has entered into arrangements from which withdrawal is not possible, such as group centralised cash management or cross-guarantees with

banks, it may be that additional security of some other kind will be required (Appendix 32).

(iv) Deed of Subordination and Postponement

Where funds are required to be introduced into a Member to correct a liquidity shortfall, and are introduced by way of loan from a private source, it is standard practice to require the provision of such a Deed to place the liability in the category of long-term liability (Appendix 30 and 31).

(v) Undertaking not to Redeem Preference or Other Redeemable Shares

This is intended to achieve the same objective as the Deed of Subordination and Postponement in that it seeks to prevent the withdrawal of funds from a Member company without the consent of the Association (Appendix 33).

4.17 Forms of Authority

- (i) Applicants for membership will, and existing Members may, be asked to provide an authority to each of their bankers to provide the Association with details of authorised signatories to accounts and any further details which may be reasonably requested from time to time (Appendix 37).
- (ii) Applicants will, and Members conducting licensable business may, be required to provide authority for information to be exchanged between the Association and the Civil Aviation Authority (Appendix 36).
- (iii) The Association reserves the right to require the provision of authority to persons or organisations with a professional or trading relationship with a Member or applicant to release information to the Association.

4.18 List of appendices

Appendix	Description	Form Reference
	Audit Forms	
1	Release Bond - Auditors	Audit001
2	Release Bond (Liquidators)	Audit001L
3	Release Bond - No Non Licensable Activities as Principal	Audit001NL
4	Release Bond - Member Ceases Activities as Principal	Audit001R
5	Release Bond - Member Ceases Retail Activities	Audit001T
6	Accountant's Report to ABTA	Audit002(a)
7	Auditor's Report to ABTA	Audit002(b)
8	Turnover Return & Analysis	Audit003
9	Guidance Notes - Turnover Return & Analysis	Audit003N
10	Adjusted Net Current Assets Statement	Audit008
11	Auditors Confirmation - Credit Turnover	Audit010
12	Auditors Confirmation - BSP Turnover	Audit011
13	Accountant's Report on New Member Management Accounts	Audit012
	Financial Monitoring Dept Forms	
14	Austin Formula Calculation 'Normal Pattern'	Austin1
15	Austin Formula Calculation 'Abnormal Pattern'	Austin2
16	Confirmation of Credit Facilities (Principals)	FormCR01
17	Confirmation of Credit Facilities Car Hire	FormCR02
18	Variation of Gross Principal Turnover (Non-Licensable) Mar	NLVARM
19	Variation of Gross Principal Turnover (Non-Licensable) Sep	NLVARS
20	Quarterly Turnover Report	QTC
21	Summary of Quarterly Retail Turnover Returns	QTCSUMM
22	SPS Turnover Statement	SPS1
	Bond Documents	
23	Retail Bond Form	Bondmtrr
24	Non Licensable Bond Form	Bondmtrl
25	Guidance Notes (Non-Licensable)	Obliguide(NL)
26	Guidance Notes (Retail)	Obliguide(R)
	Misc Forms	
27	Article 10	Article10
28	Projected Branch Turnover	Boproj
29	Deed of Guarantee	Deegua
30	Loan Subordination Agreement (Individual)	Loansubdeed1
31	Loan Subordination Agreement (Company)	Loansubdeed2
32	Loan Undertaking	Loanunder
33	Preference Share Undertaking	Prefshares
34	Transfer of ABTA number (Indemnity)	Tferabano
35	Personal Guarantee	PersonalGua

Appendix	Description	Form Reference
	ABTA/CAA Forms	
36	Form of Authority - Civil Aviation Authority	CAA.Auth
37	Bank Authority Form	
	Other Finance Dept Forms	
	Tripartite Agreement	Trpart
	Tripartite Agreement (Unincorporated)	Trpart2
	NL Bonding Application Form (March)	Non-Lic App Mar
	NL Bonding Application Form (Sept)	Non-Lic App Sep
	Additional Information Form	Add Info Form
	Guidance Notes for completion of Additional Information Form	Guidance Notes

All of the above forms are available on our website and can be accessed from the following link:

http://www.abta.com/resources/publications_and_research

Appendix 1

The Head of Financial Services
ABTA Limited
30 Park Street
LONDON
SE1 9EQ

Date:

Dear Sir

Re: _____

Head Office ABTA Number: _____

Having made all necessary enquiries, we as the Reporting Accountant to the above named, confirm that in our opinion, there are no outstanding or future liabilities that are or may in any way, be covered by the Bond(s) listed below.

Bond Number Bond Value £

Bond Number Bond Value £

Bond Number Bond Value £

These Bonds have been held by the Association in respect of any contracts or other trading obligations entered into whilst the above was in membership of the Association.

We understand that the above confirmations will be relied upon and will form the basis upon which the Association will decide whether to release the bond(s) currently held in respect of the above former member of the Association. We further understand that, once the bonds have been released by you, any claims that would arise and would otherwise have been payable from all or any of the above bonds under the Association's scheme of financial protection will become payable by us.

Yours faithfully

Reporting Accountant

NB. To be submitted to ABTA Limited on the Reporting Accountant's letterhead only.

Audit001

Appendix 2

The Head of Financial Services
ABTA Limited
30 Park Street
LONDON
SE1 9EQ

Date:

Dear Sir

Re: _____

Head Office ABTA Number: _____

Having made all necessary enquiries, we as liquidators to the above named, confirm that in our opinion, there are no outstanding or future liabilities that are or may in any way, be covered by the Bond(s) listed below.

Bond Number Bond Value £

Bond Number Bond Value £

Bond Number Bond Value £

These Bonds have been held by the Association in respect of any contracts or other trading obligations entered into whilst the above was in membership of the Association.

We understand that the above confirmations will be relied upon and will form the basis upon which the Association will decide whether to release the bond(s) currently held in respect of the above former member of the Association. We further understand that, once the bonds have been released by you, any claims that would arise and would otherwise have been payable from all or any of the above bonds under the Association's scheme of financial protection will become payable by us.

Yours faithfully

NB. To be submitted to ABTA Limited on the Liquidator's letterhead only.

Audit001L

Appendix 3

The Head of Financial Services
ABTA Limited
30 Park Street
LONDON
SE1 9EQ

Date:

Dear Sir

Re: _____

Head Office ABTA Number: _____

The above named member of the Association remains a member of the Association conducting principal business and has requested that the Association release the bonding, which it requires by way of security to cover its non-licensable activities.

As the Reporting Accountant to the above named member, having made all necessary enquiries, we confirm that in our opinion there are no outstanding or future liabilities relating to non-licensable activities, which could lead to a claim against the Association arising from contracts or other trading obligations entered into by the member in the course of these activities.

We understand that the above confirmations will be relied upon and will form the basis upon which the Association will decide whether to release the bond(s) currently held in respect of the above former member of the Association. We further understand that, once the bonds have been released by you, any claims that would arise and would otherwise have been payable from all or any of the above bonds under the Association's scheme of financial protection will become payable by us.

Yours faithfully

Reporting Accountant

N.B. To be submitted to ABTA Limited on Reporting Accountant's letterhead only.

Audit001NL

Appendix 4

The Head of Financial Services
ABTA Limited
30 Park Street
LONDON
SE1 9EQ

Date:

Dear Sir

Re: _____

Head Office ABTA Number: _____

The above named member of the Association having discontinued principal business remains a member of the Association conducting retail business and has requested that the Association reduce the amount of bonding, which it requires by way of security.

As the Reporting Accountant to the above named member, having made all necessary enquiries, we confirm that in our opinion the member is no longer engaged in the business of a Tour Operator as defined in Article 2 of ABTA's Articles of the Association and that there are no outstanding or future liabilities, which could lead to a claim against the Association arising from contracts or other trading obligations entered into by the member in the course of its activities as a Tour Operator.

We understand that the above confirmations will be relied upon and will form the basis upon which the Association will decide whether to release the bond(s) currently held in respect of the above former member of the Association. We further understand that, once the bonds have been released by you, any claims that would arise and would otherwise have been payable from all or any of the above bonds under the Association's scheme of financial protection will become payable by us.

Yours faithfully

Reporting Accountant

N.B. To be submitted to ABTA Limited on Reporting Accountant's letterhead only.

Audit001R

Appendix 5

The Head of Financial Services
ABTA Limited
30 Park Street
LONDON
SE1 9EQ

Date:

Dear Sir

Re: _____

Head Office ABTA Number: _____

The above named member of the Association having discontinued retail business remains a member of the Association conducting principal business and has requested that the Association reduce the amount of bonding, which it requires by way of security.

As the Reporting Accountant to the above named member, having made all necessary enquiries, we confirm that in our opinion the member is no longer engaged in retail business and that there are no outstanding or future liabilities, which could lead to a claim against the Association arising from contracts or other trading obligations entered into by the member in the course of its activities as a Travel Agent.

We also confirm that, whilst the above named was conducting retail activities, no bookings were taken in respect of which any monies remain, or will become, payable to a contract principal in respect of travel arrangements.

We understand that the above confirmations will be relied upon and will form the basis upon which the Association will decide whether to release the bond(s) currently held in respect of the above former member of the Association. We further understand that, once the bonds have been released by you, any claims that would arise and would otherwise have been payable from all or any of the above bonds under the Association's scheme of financial protection will become payable by us.

Yours faithfully

Reporting Accountant

N.B. To be submitted to ABTA Limited on Reporting Accountant's letterhead only.

Audit001T

Appendix 6



ABTA Ltd 30 Park Street, London SE1 9EQ
T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

REPORT TO ABTA LIMITED

Date Received Stamp

ABTA use only

IN RESPECT OF

Member's Name _____

Head Office ABTA Number _____

In accordance with instructions given to us we have prepared without carrying out an audit the annexed financial statements from the accounting records of the above named Member for the period from _____ to _____ and from the accounting records and information and explanations supplied to us by the above named Member of the Association

We have not verified the accuracy or completeness of the accounting records or information and explanations given to us.

Signed _____ Date _____

Firm _____
(Please print in block capitals)

Qualification _____
(Please print in block capitals)

Address _____

Practising Certificate Held (Y/N) * _____ Practising Certificate No _____
(* Delete as applicable)

Should be completed and submitted if unaudited accounts are to be provided to ABTA.

Audit002(a)

Appendix 7



ABTA Ltd 30 Park Street, London SE1 9EQ
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AUDITOR'S REPORT TO ABTA LIMITED

Date received Stamp
ABTA use only

IN RESPECT OF

Member's Name _____

Head Office ABTA Number _____

We confirm that we have audited the Financial Statements of the above named Member for the period from _____ to _____

We confirm that, in our opinion, proper books of account have been kept by the Member throughout this period and that satisfactory returns have been received and examined by us in respect of all branches not visited by us.

Having received all the information and explanations necessary for the purposes of this report, we confirm that, in our opinion, the Profit and Loss account for the above period shows a true and fair view of the Member's profit/loss* for the period and that the Balance Sheet shows a true and fair view of the state of the Member's affairs as at that date. We confirm that the accounts are in compliance with Article 10 of the Articles of Association of ABTA Limited.

Signed _____ **Date** _____

Firm of Auditors _____
(Please print in block capitals)

Qualification _____
(Please print in block capitals)

Address _____

Registered Auditor Status Held (Y/N) * _____ **Registered Auditor No** _____
(* Delete as applicable)

Should be completed and submitted if audited accounts are to be provided to ABTA.

Audit002(b)

Appendix 8



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

TURNOVER RETURN AND ANALYSIS

(Must be completed by a Director, Partner, Proprietor, Co. Secretary or Authorised Signatory of the member)

Guidance Notes detailed on this form can be found on form Audit003N

Date received Stamp
ABTA use only

Member's Name:

Return for the Period _____ to _____	Head Office ABTA Number
--------------------------------------	-------------------------

Number of Offices at the Balance Sheet date (including Head Office, Branches and Implants)	
--	--

Number of Outside Sales Representatives at the Balance Sheet date (Note 9)	
--	--

Section A - Turnover Analysis

	Note	£
Gross Retail Turnover	1	
Gross Ticket Provider Turnover (BSP) (Please ensure that Section C is completed)	2	
Gross Principal Turnover (Please ensure that Section D is completed)	7/8	
Overseas Turnover - (i) As Principal	3	
- (ii) As Agent	3	
Other Revenue (Please ensure that Section E is completed)	6	
Total Gross Turnover		
Turnover as per Accounts		
Difference (A reconciliation statement must be provided)	7	

PLEASE ENSURE THAT SECTIONS A,B,C,D,E & F ARE FULLY COMPLETED

Audit003

Section B – Gross Retail Turnover

Breakdown of items included in **Gross Retail Turnover** as disclosed on page 1

	Note	
Credit Turnover with Principals	6	<input type="text"/>
Car Hire Credit Turnover	6	<input type="text"/>
Corporate Credit Cards	6	<input type="text"/>
Rail Settlement Plan (RSP) and Eurostar Turnover	6	<input type="text"/>
Scheduled Bus & Coach Ticket Turnover	6	<input type="text"/>
Single Payment Scheme Turnover (SPS)	6	<input type="text"/>

Section C – Ticket Provider Turnover

BSP Turnover - Cash Sales	2	<input type="text"/>
BSP Turnover - IATA Credit Card Sales	2	<input type="text"/>
Other (please provide an analysis on Section G)		<input type="text"/>
Total Ticket Provider Income as disclosed on Section A		<input type="text"/>

Section D – Gross Principal Turnover

ATOL - Public Sales	7(a)	<input type="text"/>
ATOL to ATOL Turnover	7(b)	<input type="text"/>
Non-Licensable Packages	8(a)	<input type="text"/>
Non-Licensable Non-Packages	8(b)	<input type="text"/>
UK Transportation	8(c)	<input type="text"/>
Other (please provide analysis in Section G)	8(d)	<input type="text"/>
Principal to Principal Sales (Non-Flight)		<input type="text"/>
Total Principal Turnover as disclosed in Section A		<input type="text"/>

Section E – Other Revenue

	Note	£
Ground Handling Turnover / Inbound Tours	4(a)	
Travellers Cheques and Foreign Currency	4(b)	
Service Fees and Credit Card Charges (Agent only not sold as part of principal sales)	4(c)	
Commission Received on Bookings paid direct to Principal	4(d)	
Insurance Sales (Agent only - not sold as part of principal sales)	4(e)	
Cancellation Income		
Override Commission		
In Resort Income	4(f)	
Other (please provide an analysis on Section G)		
Total Other Revenue as Disclosed in Section A		
Breakage Deposits	8(e)	

Section F – Security for Bonds

Please provide details including amount of bank deposits or other current assets pledged as security for bonds as at the balance sheet date

Section G - Other Revenue entered in Sections C,D and E

I have read the relevant guidance notes and confirm that the analysis of turnover shown on pages 1,2, and 3 are in accordance therewith.

Signed _____ **Date** _____
 Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (delete as appropriate)

Name _____
 (Please print in Block Capitals)

Member's Name:	Head Office ABTA Number	
-----------------------	----------------------------	--

Are the Financial Statements Subject to an Audit Yes No

If Yes please complete Section A. If No please complete Section B

Section A - Auditors

We act as auditors to the above named member of ABTA Ltd

In accordance with the tripartite agreement submitted (where applicable) we have examined this Turnover Return and Analysis for the period from _____ to _____ supplied to you by the Directors/Partners/Proprietors/Co. Secretary/ or Authorised Signatory of the member. In our opinion the figures included on this certificate have been accurately extracted from the books and records of the member in accordance with the notes to this return.

Registered Auditor Status Held ? Y/N **Registered Auditor Number** _____

Section B - Reporting Accountants Statement

We act as reporting accountants to the above named member of ABTA Ltd

We have examined this Turnover Return and Analysis for the period from _____ to _____ supplied to you by the Directors/Partners/Proprietors/Co. Secretary/ or Authorised Signatory of the member. In our opinion the figures included on this certificate have been accurately extracted from the books and records of the member in accordance with the notes to this return.

Practising Certificate Held ? Y/N **Practising Certificate Number** _____

Signed _____

Date _____

Firm (Reporting Accountant / Auditor) _____
(Please print in block capitals)

Qualification _____
(Please print in block capitals)

Address _____

Appendix 9



ABTA Ltd 30 Park Street, London SE1 9EQ
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NOTES TO THE TURNOVER RETURN AND ANALYSIS

These notes are intended to help in completion of the annual Turnover Return and Analysis (form audit 003). If you should require any additional information please contact your Financial Liaison Officer.

(1) **Gross Retail Turnover**

Business transacted as an agent for a Principal, remunerated by commission or otherwise, in respect of the sale or offer for sale of any travel arrangements. The amount shown should represent the amounts paid or payable by customers. In Order to be classed as retail turnover the agent must forward the principals full documentation to the customer.

(2) **Gross Ticket Provider Turnover**

Ticket Provider Turnover normally relates to air tickets issued under the IATA BSP system by the members under their IATA Agencies and not to "IATA" tickets purchased from another supplier. BSP turnover must be split into cash and credit card sales and should exclude BSP sales incorporated within principal turnover. You can only claim relief for Ticket Provider Turnover if the Ticket is issued at or before payment by the customer.

(3) **Overseas Turnover**

Turnover derived from overseas branches must be protected either by the Association or in some other way acceptable to the Association. If the turnover is protected by a regulatory body overseas, we must be provided with evidence of the amount of turnover protected and the value and nature of the security provided (e.g. copy of the bond document). Where this is approved by the Association no further protection will be necessary.

(4) **Other Revenue**

If you are unsure as to the analysis of any type of turnover please include **full details** on Page 3 of Section G of the Turnover Return and Analysis.

(a) **Ground Handling Turnover and Inbound Tours**

To be classified as "Other Revenue", ground handling arrangements and inbound tours must not be contracted directly with the public.

(b) **Travellers Cheques & Foreign Currency**

Please disclose the Gross value of these sales rather than the commission earned.

(c) **Service Fees and Credit Card Charges**

(i) Service Fees and Credit Card Charges added to sales as a travel agent should be shown as part of other income.

(ii) Service Fees and Credit Card Charges relating to sales as a principal should be shown as part of Licensable or Non-Licensable sales as applicable.

(d) **Commission received on bookings paid direct to Principal**

Commission received on principal bookings made on behalf of the customer where the customer pays the principal directly. No monies are collected in advance from the customer on behalf of the principal.

(e) **Insurance**

(i) If the insurance sold is in the price of the package, it should be shown as licensable or non-licensable turnover as applicable.

(ii) If insurance is sold on its own as an agent, it should be shown as "Other Revenue"

NB: The Sale of Insurance is a regulated activity and can only be undertaken when appropriate authority has been obtained. (See Member Website www.abta.com for guidance).

(f) **Resort Income**

If you declare any resort income please provide us with a separate schedule indicating whether you act as principal or an agent.

Audit003N

(5) **Reconciliation Statement**

If the turnover shown on the Profit and Loss Account differs from the Total Gross Turnover shown on the Turnover Return and Analysis a reconciliation statement **must be** provided by the ABTA member. The Gross Turnover Figure should represent monies paid by the customer and therefore must include commission and VAT.

(6) **Gross Retail Turnover**

The reliefs available and the documents required to claim them, which may reduce member's **Applicable Risk Turnover (ART)**, are shown below. The Necessary forms must be submitted with the accounts in order to claim those reliefs.

Type of Relief	Relief Available on A.R.T	
Credit Turnover with Principals	75%	Exemption will be considered if the Agent and Tour Operator have provided proof of credit arrangements on the Association's standard form (CR001) and confirmation of turnover is provided with the turnover return on an individual principal basis to the Financial Monitoring Department by the member's reporting accountant on Form Audit010. Any changes in credit arrangements between agents and principals must also be notified at least 30 days prior to the date of date of change/termination of any agreement. (Worldchoice/Advantage/Elite members should note that we are in receipt of the 'Quarterly Analysis of Business' confirmations from these bodies and that reliefs are given for those ABTA principals who have confirmed to us in writing that they have credit arrangements with these bodies on their direct debit schemes. Form audit010 must be submitted annually.
Car Hire Credit Turnover	40%	Only credit turnover with specialist car hire principals as agreed by the Board of Directors qualify for exemptions provided agreements have been submitted to the Association on an individual basis for each car hire operator (CR002) and confirmation of turnover generated is provided by the member's Reporting Accountant on Form 010. Form Audit010 must be submitted annually.
Corporate Credit Cards Turnover	90%	Where a member pays a principal with a corporate credit card in respect of a retail transaction, 90% of this activity will no longer be regarded as part of Applicable Risk Turnover. The exemption will only apply at the request of the member and on production of sample corporate credit card statements for the relevant accounting period, which should identify the transactions made on the corporate credit card. Reporting Accountant's confirmation of turnover generated by the various credit cards held by the member will also be acceptable.
Rail Settlement Plan and Eurostar Turnover	95%	Rail settlement plan (RSP) turnover should relate only to rail tickets issued under an ATOC (Association of Train Operating Companies) Licence and accounted for through RSP where the ticket is issued at or before the time of Payment. Eurostar turnover should relate only to tickets issued at or before the time of Payment.
Schedule Bus Ticket Turnover	95%	Turnover arising from the sale of tickets for journeys within the United Kingdom on stage fare bus or coach services where the ticket is issued at or before the time of payment. This does not include tickets for day excursions.
SPS Turnover	5%	The relief is determined from the turnover generated through SPS with the tour operators with whom the member participates on SPS.
Ticket Provider Sales (BSP-cash)(excluding BSP sales incorporated within principal turnover)	90%	Declaration of such turnover when completing the Turnover Return & Analysis – submitted with accounts. (N.B. The relief available can vary from 90% - 100% depending on the proportion of clients who pay after travelling. Form Audit 011 must be completed by your auditor for relief in excess of 90%).
Ticket Provider Sales (BSP- credit cards) (excluding BSP sales incorporated within principal turnover)	100%	Declaration of such turnover when completing the Turnover Return & Analysis – submitted with accounts. (Members may be required to send BSP statements covering the relevant accounting period).

If you require further information or the forms necessary to claim the relevant exemptions, please contact your Financial Liaison Officer.

(7) **Gross Principal Turnover (ATOL)**

Business transacted as a principal whereby (either directly or through an agent) a contract is established with a consumer or other third party which gives rise to a requirement for the Principal to hold a Valid ATOL. The CAA guidance notes provide full definitions of the classes of ATOL turnover. As a guidance to determine the requirement for an ATOL for a flight package you should view the details on our website www.abtamembers.com/resources/publications. Then at the drop down menu click on Guidance. **Only Members who hold a valid ATOL during the last part of the accounting period will be able to disclose ATOL turnover.**

(a) **ATOL - Public Sales**

Sales of Flights or Flight based packages to the public direct or via an agent covered by a member's ATOL.

(b) **ATOL to ATOL**

Sales of Flights from one ATOL holder to another where the second ATOL holder acts as principal. Sales of flight tickets by an ATOL holder who acts as an agent should be declared as part of Retail Sales.

(8) **Gross Principal Turnover (Non-Licensable)**

(a) **Packages**

Business transacted whereby (either directly or through an agent) a contract is established with a consumer or other third party which does not give rise to a requirement for the Principal to hold a valid ATOL but which is a package as defined in the Package Travel, Package Holidays and Package Tours Regulation 1992..

(b) **Non-Packages**

Business transacted whereby (either directly or through an agent) a contract is established with a consumer or other third party which does not give rise to a requirement for the Principal to hold a valid ATOL and which is not a package as defined by the Package Travel Regulations.

(c) **UK Transportation**

Transportation only within the United Kingdom. This excludes contract hire but should include "day excursions" and "private hire".

(d) **Other**

Business transacted whereby (either directly or through an agent) a contract is established with a consumer or other third party which does not give rise to a requirement for the Principal to hold a valid ATOL but which is a package or not a package as defined by the Package Travel Regulations. Please provide an analysis on Section G of the Turnover Return & Analysis.

(e) **Breakage Deposits**

Returnable amounts paid by clients in the United Kingdom, usually in connection with self-catering holidays or yacht hire, to cover any damage that may occur during that period of the holiday. Although not strictly turnover this represents monies at risk for which protection is required. The amount to be shown should be the monies received during the period covered by the accounts.

(9) **Outside Sales Representatives**

Representatives of the member who is transacting retail business on behalf of the member, outside any address for the time being notified to the Association pursuant to paragraph 8 (1) of the Articles of Association. Do not include home workers as defined in the Guidance Notes on Application of Article 8. If you require any further information please contact our membership Department (membership@abta.co.uk).

(10)

Reporting Accountant shall be either your auditor holding Registered Auditor status or, if you are not required under the Companies acts or otherwise, to be subject to an audit, an Independent Qualified Accountant who holds a current practising certificate with a **recognised accountancy body as listed below.**

- (a) The Institute of Chartered Accountants of England & Wales
- (b) The Institute of Chartered Accountants of Scotland
- (c) The Institute of Chartered Accountants of Ireland
- (d) The Institute of Chartered Accountants of Secretaries and Administrators
- (e) The Institute of Financial Accountants
- (f) The Association of Accounting Technicians
- (g) The Association of International Accountants
- (h) The Association of Chartered Certified Accountants
- (i) The Association of Authorised Public Accountants
- (j) The Chartered Institutes of Management Accountants

Signed _____ **Name** _____ **Date** _____
(Director/Proprietor/Partner/Company Secretary/Authorised Signatory (delete as applicable))

We act as the Reporting Accountant to the above named member of ABTA Limited. In accordance with the tripartite agreement previously submitted (where applicable) we confirm that the adjusted net current assets/(liabilities) as at the balance sheet date and as set out above have been accurately extracted from the

Signed _____

Firm (Reporting Accountant/Auditor)

Qualification _____

Date _____

Practising Certificate Held (Y/N)*

Registered Auditor Status Held (Y/N)*
(Delete as appropriate)

Practising Certificate No* _____

Registered Auditor No* _____
(If applicable)

THIS FORM SHOULD ACCOMPANY THE MEMBER'S ACCOUNTS AND TURNOVER RETURN & ANALYSIS.

Appendix 11



ABTA Ltd 30 Park Street, London SE1 9EQ
T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

CONFIRMATION OF CREDIT TURNOVER

Member's Name _____

Head Office ABTA Number _____

I confirm that the value of credit turnover for each individual principal for which exemption is claimed is as shown below. I also confirm that the period of credit as set out in the terms of trading agreed with the Principal in respect of this turnover is 15 days or longer.

Credit Turnover Re. Inclusive Tours

<u>ABTA No.</u>	<u>Principal's Name</u> (See note 1 below)	<u>Gross Value</u>
Total as per section B (6) of the Turnover Return & Analysis		£ <input type="text"/>

Credit Turnover Re. Car Hire

<u>Principal's Name</u>	<u>Gross Value</u>
Total as per section B (6) of the Turnover Return & Analysis	£ <input type="text"/>

Signed _____ Name _____ Date _____
(Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (Please delete as appropriate))

CONFIRMATION STATEMENT

We act as the Reporting Accountant of the above named member of ABTA Limited.
In accordance with the tripartite agreement submitted
(where applicable) we have examined the Turnover Return and Analysis for the period from _____ to _____ and confirm that the value of credit turnover for each individual principal for which exemption is claimed has been accurately extracted from the accounting records of the member.

Signed _____ Date _____

Firm (Reporting Accountant) _____

Qualification _____

Address _____

Practising Certificate Held (Y/N) _____ Practising Certificate No: _____
Registered Auditor Status Held (Y/N) _____ Regd Auditor No _____
(Please delete as appropriate)

Note 1 Indicate the full name of the Principal. Please do not use trade names or the names of Holding or Associated Companies.

Audit010

Appendix 12



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

CONFIRMATION OF TICKET PROVIDER TURNOVER (BSP)

Member's Name _____

Head Office ABTA Number _____

I confirm that the value of Ticket Provider Turnover (BSP) where consumers have completed their travel in full prior to any settlement being made to us or our agent or representative is as follows:

Six Months Ended	Total Gross Ticket Provider Sales (BSP) for Six Months Ended	Value of Gross Ticket Provider (BSP) transactions where consumer has completed travel prior to payment being received.
TOTAL		

Signed _____ Name _____ Date _____
 (Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (Please delete as appropriate))

CONFIRMATION STATEMENT

We act as the Reporting Accountant to the above named member of ABTA Limited.
 In accordance with the tripartite agreement submitted (where applicable) we have examined the Billing Analysis Statements relating to this member for the six months ended _____ and confirm that the value of Ticket Provider Turnover (BSP) where consumers have completed their travel in full prior to any settlement being made to the member or his agent or representative has been accurately extracted from the books and records of the member.

Signed _____ Date _____

Firm(Reporting Accountant) _____

Qualification _____

Address _____

Practising Certificate Held (Y/N)
 Registered Auditor Status Held (Y/N)
 (Please delete as applicable)

Practising Certificate No
 Registered Auditor No _____
 (If applicable)

Note 1 To be submitted with the member's accounts

PLEASE SEE REVERSE FOR GUIDANCE NOTES

TICKET PROVIDER TURNOVER (BSP SALES)

- a) The gross equivalent of the amount paid for tickets by the Agent through the billing settlement plan per the Agent's billing analysis. This includes tickets paid by Credit Card which the agent has accepted as a merchant and has used the IATA Standard Credit Card Charge Form and accepted the Credit Card on behalf of an airline. It excludes:
 - (1) Tickets purchased directly from an airline outside the BSP.
 - (2) Tickets purchased through another intermediary (i.e. consolidator tickets).
- b) The Ticket Provider Turnover (BSP) six monthly statement should coincide with the member's financial year-end and be prepared on the same basis as the Turnover Return & Analysis submitted with the Accounts.

Audit011

Appendix 13



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

REPORT TO ABTA LIMITED

Date received Stamp
ABTA use only

IN RESPECT OF

Member's Name _____

Head Office ABTA Number _____

We confirm that we act as the Reporting Accountant / Auditor to the above named Member of ABTA Limited.

In accordance with the tripartite agreement submitted (where applicable) we confirm that :-

- a) Throughout the period from _____ to _____ the Member has maintained proper books of account.
- b) The attached Trading and Profit & Loss Account and Balance Sheet (being six months from the date of admission to membership of the Association or change of ownership) have been properly extracted from the member's books of account.
- c) The Trading and Profit & Loss Account and Balance Sheet have been prepared in accordance with the member's accounting policies (as attached) and the analysis of Turnover in the period is accurately extracted from the member's books and records.

Licensable Turnover (ATOL) (Gross)	Non-Licensable Packagees / Non Packages (Gross)	Retail / Ticket Provider Sales (Gross)	Other Activities* (Gross)	TOTAL (Gross)

* Please give details of all sources and nature of other income on a separate sheet.

Signed _____ **Date** _____

Firm (Reporting Accountant / Auditor)** _____
 (Please print in block capitals)

Qualification _____
 (Please print in block capitals)

Practising Certificate Held ? (Y/N)** **Practising Certificate NO**** _____

Registered Auditor Status Held ? (Y/N)** **Regd Auditor Number**** _____

** (Delete as appropriate)

Audit012

Appendix 14

AUSTIN FORMULA CALCULATION – ‘NORMAL PATTERN’

1. Terms of Trade

	Approx % of average fare
Initial Deposit	20
Additional Deposit	nil
Final Balance	80

2. When Collected

Prior to Departure	Factor %	Initial Deposit	Additional Deposit	Final Balance
Over 12 Months	125	nil	nil	nil
9-12 Months	100	nil	nil	nil
6-9 Months	50	30	nil	nil
3-6 Months	25	50	nil	nil
Less than 3 Months	nil	20	nil	100

3. Calculation

	Initial Deposit	Additional Deposit	Final Balance	Total
Over 12 Months	nil	nil	nil	nil
9-12 Months	nil	nil	nil	nil
6-9 Months	3.00	nil	nil	3.00
3-6 Months	2.50	nil	nil	2.50
Less than 3 Months – calculation not required				
Total			A	5.50
Less Base Rate			B	5.50
Shortfall (A-B)			C	nil
Basic Rate			D	10.00
Add Shortfall			E	nil
Bond Rate Required (D+E) *				10.00%

[* For new Members, the resulting bond rate is increased by 50%. New Members' minimum bond rate being 15%]

Austin1

Appendix 15

AUSTIN FORMULA CALCULATION – ‘ABNORMAL PATTERN’

1. Terms of Trade

	Approx % of average fare
Initial Deposit	10
Additional Deposit	20
Final Balance	70

2. When Collected

Prior to Departure	Factor %	Initial Deposit	Additional Deposit	Final Balance
Over 12 Months	125	75	nil	nil
9-12 Months	100	15	75	nil
6-9 Months	50	10	15	nil
3-6 Months	25	nil	10	20
Less than 3 Months	nil	nil	nil	80

3. Calculation

	Initial Deposit	Additional Deposit	Final Balance	Total
Over 12 Months	9.38	nil	nil	9.38
9-12 Months	1.50	15.00	nil	16.50
6-9 Months	0.50	1.50	nil	2.00
3-6 Months	nil	0.50	3.50	4.00
Less than 3 Months – calculation not required				
Total				31.88
Less Base Rate			.	5.50
Shortfall (A-B)			-	26.38
Basic Rate			-	10.00
Add Shortfall			-	26.38
Bond Rate Required (D+E) *			-	36.38

[* For new Members, the resulting bond rate is increased by 50%. New Members' minimum bond rate being 15%]

Austin2

Appendix 16

The Head of Financial Monitoring Department
ABTA Limited
30 Park Street
London
SE1 9EQ

Date:

Dear Sir

Member's Name _____

Head Office ABTA Number _____

We have agreed to extend credit arrangements for the sale of all our travel products through the Head Office and all branches of the above named member of ABTA Limited (copy of the agreement attached) and confirm the period of credit on all transactions is _____ days.

We understand that the foregoing confirmation will be relied upon and will form the basis upon which the Association will decide whether or not to reduce the amount of bonding held in respect of the above named member of the Association.

We confirm that on withdrawal of credit facilities from the above named member, we will notify ABTA. Should the above named member fail financially, only those losses arising 30 days or more after receipt by the Association of such notice will be eligible for consideration under the Association's claims procedure.

Signed _____

Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (delete as applicable)

Principal _____

Head Office ABTA Number _____

**NB. To be submitted to ABTA Limited on the
Principal's letterhead only.**

Form CR01

Appendix 17

The Head of Financial Monitoring Department
ABTA Limited
30 Park Street
London
SE1 9EQ

Date:

Dear Sir

Member's Name _____

Head Office ABTA Number _____

We have agreed to extend credit arrangements for the sale of all our "Car Hire Facilities" to the above mentioned member of ABTA Limited (copy of agreement attached) and confirm the period of credit on all transactions is _____ days.

We understand that the foregoing confirmation will be relied upon and will form the basis upon which the Association will decide whether or not to reduce the amount of bonding held in respect of the above named member of the Association.

We confirm that on withdrawal of credit facilities from the above named member, we will notify ABTA. Should the above named member fail financially, only those losses arising 30 days or more after receipt by the Association of such notice will be eligible for consideration under the Association's claims procedure.

Signed _____

Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (delete as applicable)

Principal _____

Head Office ABTA Number _____

NB. To be submitted to ABTA Limited on the Principal's letterhead only.

FormCR02

Appendix 18



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

**GROSS PRINCIPAL TURNOVER (NON-LICENSABLE)
 VARIATION - BONDING YEAR ENDED 31 MARCH 20**

Date Received
Stamp

ABTA use only

This form should disclose the revised projected total gross revenue on the same accounting basis adopted to disclose turnover in the accounts from the sale of non-licensable products. Months in respect of which quarterly returns have been submitted may be omitted.

Gross Principal Turnover (Non-Licensable) (Excluding retail and ATOL turnover)

Month	Packages	Non Packages	UK Transportation	Breakage Deposits	Total
April					
May					
June					
July					
August					
September					
October					
November					
December					
January					
February					
March					
TOTAL	£	£	£	£	£
April					
May					

Members must advise us immediately where the variation has arisen due to a change in the composition of the deposits taken or due to the commencement of a new programme.

Signature _____

Director/Proprietor/Partner/Co. Secretary/Authorised Signatory (delete as applicable)

Member's Name

(Please print in block capitals)

H/O ABTA No _____

Date _____

NLVARM

Appendix 19



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

Date Received Stamp

ABTA use only

GROSS PRINCIPAL TURNOVER (NON-LICENSABLE)
VARIATION - BONDING YEAR ENDED
30 SEPTEMBER 200

This form should disclose the revised projected total gross revenue on the same accounting basis adopted to disclose turnover in the accounts from the sale of non-licensable products. Months in respect of which quarterly returns have been submitted may be omitted.

Gross Principal Turnover (Non-Licensable) (Excluding retail and ATOL turnover)

Month	Packages	Non Packages	UK Transportation	Breakage Deposits	Total
October					
November					
December					
January					
February					
March					
April					
May					
June					
July					
August					
September					
TOTAL	£	£	£	£	£
October					
November					

Members must advise us immediately where the variation has arisen due to a change in the composition of the deposits taken or due to the commencement of a new programme.

Signature _____
 Director/Proprietor/Partner/Co. Secretary/Authorised Signatory (delete as applicable)
Member's Name
 (Please print in block capitals)

H/O ABTA No _____ **Date** _____

NLVARs

Appendix 20



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

QUARTERLY TURNOVER REPORT

Date Received Stamp
ABTA use only

Member's Name _____

Head Office ABTA Number _____

Quarterly Return for the three months ending _____

SECTION A	Note	£
Gross Retail Turnover-Normal	2	
Gross Ticket Provider Turnover	3	
Gross Principal Turnover (ATOL)		
Gross Principal Turnover (Non-Licensable)	4 (excl breakage deposits)	
Overseas Turnover		
Other Turnover (please specify on the reverse of this form)	5	
TOTAL		

SECTION B - ANALYSIS OF NON-LICENSABLE TURNOVER BONDED WITH ABTA

	October	November	December
Packages			
Non-Packages			
UK Transportation			
TOTAL			£
Breakage Deposits			
TOTAL			£

I/We confirm that the analysis for the above period is a summary of the total gross turnover prepared on the same accounting basis as the financial Accounts.

Signed _____
 Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (delete as applicable)

SPS1

Name _____

Date _____

NOTES TO THE QUARTERLY TURNOVER REPORT

Note 1 Definitions of turnover are set out in the notes to the Turnover Return and Analysis (Audit003N) which can be downloaded from the website address below. The turnover shown on this form should consist of Head Office Turnover, all branch office turnover and all Outside Sales Representatives Turnover and should be prepared on the same basis as that used to prepare annual accounts.

http://www.abta.com/resources/publications_and_research

Note 2 Optional Information on Applicable Risks Relief
If not provided on this form we request the information below if the turnover disclosed for last twelve months show a sufficient increase when compared to the turnover on which the current retail bond/TABRS was based.

Tour Operator Credit Turnover
Car Hire Credit Turnover
Corporate Credit Cards
Rail Settlement Plan Turnover (RSP)
Scheduled Bus & Coach Ticket Turnover (SBT)
Single Payment Scheme Turnover (SPS)

£

Note 3 Optional Information on Ticket Provider Sales
If not provided on this form we request the information below if the turnover disclosed for last twelve months show a sufficient increase when compared to the turnover on which the current retail bond/TABRS was based.

BSP Turnover - Cash Sales
BSP Turnover - IATA Credit Card Sales
Other (Please provide an analysis and description in note 5 below)
Total

£

£

Note 4 Gross Principal Turnover (Non-Licensable)
The total non-licensable turnover for the quarter must be disclosed in Section A. Members who have elected to protect their non-licensable turnover with ABTA must complete section B to declare that turnover protected with ABTA only.

Breakage Deposits are returnable amounts paid by clients in the United Kingdom, usually in connection with self-catering holidays or yacht hire, to cover any damage that may occur during that period of the holiday. Although not strictly turnover this represents monies at risk for which protection is required.

The amount to be shown should be the monies received during the period covered by the return.

Note 5 Please provide details of Other Income/Ticket Provider Sales

--

This form should be returned no later than one month after the end of the quarter To The Financial Monitoring Department

by E-Mail to Monitoring@abta.co.uk,
by Fax to 020 3117 0582
or send by post to ABTA Limited,
30 Park Street,
London, SE 9EQ

Appendix 21

ABTA Limited

SUMMARY OF RETAIL TURNOVER AS PER QUARTERLY RETURNS
FOR THE PERIOD ENDED _____ 200__

Date Received Stamp
ABTA use only

The Retail quarterly returns listed below must be prepared on a basis that is consistent with that used when preparing the last turnover certificate and analysis submitted with the last Accounts

Return As Submitted	This Analysis must be completed if previous returns were incorrect or where details of Credit Turnover, Corporate Credit Card, RSP, SBT or SPS turnover was omitted.							Details of Ticket Provider Sales not included in Retail Sales BSP		
	Quarter ended	Gross Turnover as a Travel Agent	Credit Turnover(*)		Corporate Credit Cards	RSP Rail Settlement Plan	SBT Scheduled Bus Ticket	SPS Single Payment Scheme	BSP	
Tour Ops			Car Hire	Cash					Credit	Other

* These columns should only be completed where details and confirmations have been provided by Principals or are provided with this form

Signed _____
(Director/Proprietor/Partner/Co.Secretary/Authorised Signatory - delete as applicable).
Name _____
(Please print in block capitals)

Member _____
(Please print in block capitals)
Date _____

QTCSUMM

Appendix 22



ABTA Ltd 30 Park Street, London SE1 9EQ
T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

SPS TURNOVER STATEMENT.

Date Received Stamp

ABTA use only

In consideration of ABTA Limited ("ABTA") reducing the amount of my/our applicable risk turnover ("ART") for the purposes of assessing the level of any bond demanded by ABTA or the level of any contribution to the Travel Agent's Bond Replacement Scheme ("TABRS") demanded by ABTA, I/we hereby agree that all transactions that I/we conduct with any Tour Operator or Principal participating in ABTA's Single Payment Scheme ("SPS") will be transacted by way of SPS.

I/we further agree that, should I/we cease to trade by way of SPS with any of the Tour Operators or Principals that participate in SPS, I/we will notify ABTA in writing not more than 14 days thereafter.

I/we further agree that should I/we cease to trade by way of SPS with any of the Tour Operators or Principals that participate in SPS, ABTA has the right to increase the amount of my/our ART for the purposes of assessing the level of any bond demanded by ABTA or the level of any contributions to TABRS demanded by ABTA.

I/we further agree that ABTA has the right to suspend or terminate my/our participation in SPS in accordance with the rules of SPS, copies of which have previously been provided to me/us.

Member's Name _____

(Please print in block capitals)

Signed _____

Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (Delete as applicable)

Date _____

H/O ABTA Number _____

SPS1

Appendix 23

RETAIL BOND

THIS BOND is made the day of
 20..... by us
 of
 (.....)
state full branch address where applicable

in favour of ABTA LIMITED
 of 30 Park Street London SE1 9EQ

1 This Bond is given in respect of the following member or members of your Association:
 Name Address

N.B. - See Note 1

.....

Company Number (if applicable)
 hereinafter referred to as the "Member" and, if more than one, applies to each of them as though each were
 the member hereinafter referred to

2(a) This Bond shall come into effect on ("the Commencement Date")

N.B. Amend as
 applicable -
 See Note 2.

(b) Notwithstanding paragraph (a) of this clause this Bond shall not come
 into effect until the existing Bond given by us to you in favour of / the Member /
 the following member or members of your Association:-

Name Address

dated..... 200..... in the sum of.....
POUNDS (£.....) is returned
 to us for cancellation.

(c) This Bond shall continue in force until ("the Termination Date")

3 In consideration of your admitting the Member as a member of your Association or allowing the
 Member to remain a member of your Association, and in satisfaction of the obligation of the Member
 to provide a Bond as required by your Articles of Association and the regulations made thereunder
 regarding the bonding of members, we hereby agree to pay to you on demand the sum
 ofPOUNDS
 (£.....).

4

Any such demand shall be in writing and accompanied by your certificate that the sum demanded is
 properly due hereunder, the certificate being conclusive against us for all purposes. Any such demand shall
 be served on us on or before the Termination Date failing which this Bond shall be of no effect. Any such
 demand must be served on us at our address given above or other last known place of business (or if one
 of our branches is specified above at that branch). If posted it shall be deemed to be served two business
 days after the date of posting. Posting may be proved by production of proof of posting of an item to us at
 our address or branch as stated above by first-class pre-paid post.

Bondmtrr

5 If after this Bond comes into effect any further Bond or Bonds is/are issued by us in respect of the Member or any Member or Members listed in Clause 1 (whether alone or jointly with any other Member or Members of your Association) the amount payable under which is not expressly stated to be payable in addition to the amount payable under this Bond during the period during which both this Bond and the further Bond or Bonds are in force the provisions of this paragraph shall apply:-

(a) Our maximum liability during such period will be whichever is the greater of the face value of this Bond or the face value or total face values of such further Bond or Bonds, but shall in no circumstances be determined by adding the face value of this Bond to the face value of any such further Bond or Bonds.

N.B. - See Note 4. (b) If the face value of this Bond is the same as or less than the face value or total face values of such further Bond or Bonds you will upon demand deliver up this Bond to us for cancellation.

(c) If the face value of this Bond is greater than the face value or total face value of such further Bond or Bonds then:-

(i) If you make a valid demand under this bond during that period, and have already during that period made a valid demand under the further Bond or Bonds, the amount payable under this Bond will be reduced or extinguished by the amount payable under the further Bond or Bonds.

N.B. - See Note 5. (ii) If during that period you make a valid demand under this Bond, and subsequently during that period make a valid demand under the further Bond or Bonds, you will reimburse to us or give us credit for a sum up to the amount payable under this Bond equal to the amount payable under the further Bond or Bonds.

(d) Notwithstanding that the further Bond or Bonds is/are issued in respect of one or some only of the members of your Association listed in Clause 1 of this Bond, this Clause applies in the same way as it does when the member or members listed in Clause 1 of this Bond and covered by the further Bond or Bonds are the same.

6(i). If the member or members listed in Clause 1 makes payment or enters into Band 2a (or its successor) of the Travel Agents Bond Replacement Scheme ("TABRS") of your Association after this Bond is provided this Bond shall be cancelled forthwith and you will upon demand deliver the Bond to us.

N.B. - See Note 6. 6(ii) If this Bond is provided by us after and in addition to any payment or entry by the member into Band 2a of the Travel Agents' Bond Replacement Scheme ("TABRS") of your Association the amount payable under this Bond shall be deemed to be payable in accordance with Paragraph 4 herein notwithstanding and without reference to such entry or payment into TABRS.

7 Any monies paid by us hereunder and not utilised by you for the purposes authorised by your Articles of Association and the said regulations shall belong and be repaid to us and shall not be released by you to the Member without our prior written consent. Your written certificate as to whether any monies have been or may be validly applied for the purposes aforesaid and as to the amount of such monies shall be conclusive against us for all purposes, and we shall not be concerned to enquire whether any monies have been so applied or as to their amount nor shall we be affected by any provisions in your Articles of Association or in the said regulations, or by any alterations to them made after the execution of this Bond. We will ensure that all payments under this bond are made payable to "ABTA Limited" and not to "ABTA". We understand that instructions for direct payment are always given by you when a bond is called and you will always ask that the payment be made to Lloyds TSB Bank plc (Sort Code 30-98-71). We also understand that the relevant bank account number will be given on the letter calling the bond.

8 This Bond will remain in force notwithstanding that the Member ceases to be a member of your Association.

9 Upon expiry or satisfaction of this Bond it will be returned to us for cancellation.

N.B. Delete if not applicable 10 The amount payable under this Bond is in addition to £..... payable under a bond dated supplied by

To be completed
and signed as a
deed by Obligor

Executed as a deed and delivered on behalf ofby:

.....
Director
PLEASE PRINT NAME

.....
Secretary
PLEASE PRINT NAME

11 This Bond is governed by English law. The parties submit to the non-exclusive jurisdiction of the English courts.

- Note 1. If a new Bond is to cover a group of members the names of all the members to be covered should be listed in Clause 1.
- Note 2. If a former Bond covering one or more of the members listed under Clause 1 of the new Bond has to be returned for cancellation as provided in Clause 2(b) and the Member or Members covered by the former Bond are not the same as the Member or Members listed in Clause 1, Clause 2(b) should be amended by deleting the word "Member" and completing the name or names of the Members covered by the old Bond.
- Note 3. Where the Association requires a Member to "top up" its Bond cover during the currency of the Bond the Association will invariably require its Member to surrender the existing Bond and obtain in substitution a new bond for the total amount of the higher amount of the Bonding cover required. The new Bond will come into effect immediately upon the surrender of the existing Bond.
- Note 4. In the "overlap" situation during the last six months of the currency of a normal eighteen month Bond which is envisaged in Clause 5, where the former bond is of the same or a lesser amount as the new Bond Clause 5(b) has the effect that the old Bond will invariably be cancelled on the delivery of the new Bond if so required by the obligor. During the overlap period of a former Bond of a greater amount than the new Bond, ABTA will normally call the new Bond and rely on its proceeds before resorting to the old Bond, which ABTA intends will only be enforceable during the overlap period for the excess of its face value over the face value of the new Bond. This is not, however, written into Clause 5 because in certain very limited circumstances ABTA may require to rely on the old Bond to an extent greater than normal.
- Note 5. Where in paragraph 5(c) of the Bond there is a reference to the reimbursement of funds, reimbursement will only in practice arise where the new Bond and the former Bond have been issued by different obligors.
- Note 6. Where the member has entered Band 2a of TABRS (Primary Bond Replacement) and a Bond is required by the Association in addition to this, ABTA will call the Bond and rely on its proceeds before resorting to TABRS
- Note 7. Please ensure that all payments under this bond are made payable to "ABTA Limited" and not to "ABTA". Instructions for direct payment are always given by us when a bond is called and should always be made to Lloyds TSB Bank plc, (Sort Code 30-98-71). The relevant account number will be given on the letter calling the bond

Appendix 24

NON-LICENSABLE BOND

THIS BOND is made the day of
20..... by us
of
(.....)

state full branch address where applicable

in favour of ABTA LIMITED
of 30 Park Street London SE1 9EQ

- 1 This Bond is given in respect of the following member or members of your Association:
Name Address

N.B. - See Note 1

.....
.....

Company Number (if applicable)
hereinafter referred to as the "Member" and, if more than one, applies to each of them as though each were
the member hereinafter referred to

- 2(a) This Bond shall come into effect on ("the Commencement Date")

N.B. Amend as
applicable -
See Note 2.

- (b) Notwithstanding paragraph (a) of this clause this Bond shall not come
into effect until the existing Bond given by us to you in favour of / the Member /
the following member or members of your Association:-
Name Address

N.B. See Notes 3 & 4.

.....
.....

Clause 2(b) must not
be completed unless
the bond being
submitted is for a like
or higher amount
than the former
bond

dated 200..... in the sum of
..... POUNDS (£.....) is returned
to us for cancellation.

- (c) This Bond shall continue in force until ("the Termination Date")

- 3 In consideration of your admitting the Member as a member of your Association or allowing the
Member to remain a member of your Association, and in satisfaction of the obligation of the Member
to provide a Bond as required by your Articles of Association and the regulations made thereunder
regarding the bonding of members, we hereby agree to pay to you on demand the sum
of POUNDS
(£.....).

- 4

Any such demand shall be in writing and accompanied by your certificate that the sum demanded is
properly due hereunder, the certificate being conclusive against us for all purposes. Any such demand shall
be served on us on or before the Termination Date failing which this Bond shall be of no effect. Any such
demand must be served on us at our address given above or other last known place of business (or if one
of our branches is specified above at that branch). If posted it shall be deemed to be served two business
days after the date of posting. Posting may be proved by production of proof of posting of an item to us at
our address or branch as stated above by first-class pre-paid post.

Bondmtrl

Appendix 25

NON-LICENSABLE BONDS

GUIDANCE NOTES FOR OBLIGORS

(Please forward together with bond form to obligors)

- 1 **ALL BONDS MUST BE PROVIDED BY AN OBLIGOR APPROVED BY THE ASSOCIATION.** The approved status can be confirmed by calling us on the number below or from our website. www.abta.com/resources/publications_and_research
- 2 The date of issue and the obligor's head office address should be inserted at the head of the bond document. If correspondence / claims are to be sent to an address other than the head office, the branch address should be inserted on the 4th line, together with any reference to be quoted.
- 3 Ensure that the name in clause 1 is that of the company / firm in membership of the Association.
 - (a) If **INCORPORATED, ONLY the company name should be shown (not trading names).**
 - (b) If **UN-INCORPORATED, the name of the proprietor or names of all partners must be shown plus the name of the firm.**

The address of the member should be either that of their Head Office or, in the case of a Limited company, the Registered Office.

- 4 Ensure that a commencement date is included in clause 2 (a). If this has not been pre printed, please use the date of issue. In the case of a peak period bond, the member will have been advised of the relevant date.
- 5 Clause 2 (b) should only be completed if the bond being provided is a replacement for any existing bond (s) held by ABTA.
- 6 Ensure that a termination date is included in clause 2 (c). This will usually be 18 months after the commencement date and should coincide with the last day of the month. The exceptions are in respect of additional bonds the date must be the same as that of the existing bond(s), and for peak period bonds the member will be advised of the relevant dates.
- 7 The amount of the bond should be inserted in words and figures in clause 3.
- 8 Clause 10 should only be completed if the bond is in addition to one presently held by the Association.
- 9 The bond should be completed under seal or signed by an officer of the obligor holding a Power of Attorney to bind the obligor. In the latter case; we shall require proof that the officer is authorised to sign on the obligor's behalf.
- 10 If the new bond is for a lower sum than the bond (s) currently held, then we shall retain the existing bond (s) until expiry date.
- 11 **Bonds submitted on separate pages will not be accepted.**

If you have any queries, please contact the Financial Monitoring Department on 020 3117 0541 / 0542

Obliguide(NL)

Appendix 26

RETAIL BONDS

GUIDANCE NOTES FOR OBLIGORS

(Please forward together with bond form to obligors)

- 1 Bonds submitted to the Association must be on the original bond form. **Please note that any bonds submitted on separate pages will not be accepted.**
- 2 **ALL BONDS MUST BE PROVIDED BY AN OBLIGOR APPROVED BY THE ASSOCIATION.** The approved status can be confirmed by calling us on the number below or from our website. www.abta.com/resources/publications_and_research
- 3 The date of issue and the obligor's head office address should be inserted at the head of the bond document. If correspondence / claims are to be sent to an address other than the head office, the branch address should be inserted on the 4th line, together with any reference to be quoted.
- 4 Ensure that the name in clause 1 is that of the company / firm in membership of the Association.
 - (a) If **INCORPORATED**, **ONLY** the company name should be shown (not trading names).
 - (b) If **UN-INCORPORATED**, the name of the proprietor or names of all partners must be shown plus the name of the firm.

The address of the member should be either that of their Head Office or, in the case of a Limited company, the Registered Office.

- 5 Ensure that a commencement date is included in clause 2 (a). If this has not been pre printed, please use the date of issue.
- 6 Clause 2 (b) should only be completed if the bond being provided is a replacement for for any existing bond (s) held by ABTA.
- 7 Ensure that a termination date is included in clause 2 (c). This will usually be 18 months after the commencement date and should coincide with the last day of the month. The exception is for additional bond(s) where the expiration date must be the same as that of the existing bond(s).
- 8 The amount of the bond should be inserted in words and figures in clause 3.
- 9 Clause 10 should only be completed if the bond is in addition to a bond held by the Association.
- 10 The bond should be completed under seal or signed by an officer of the obligor holding a Power of Attorney to bind the obligor. In the latter case we shall require proof that the officer is authorised to sign on the obligor's behalf.

If you have any queries, please contact the Financial Monitoring Department on 020 3117 0541 / 0542

Obliquide(R)

Appendix 27

ACCOUNTS RULES

ARTICLE 10

FORM OF ACCOUNTS

- (1) Every Member shall keep proper books of account with respect to:
 - (a) all sums of money received and expended by the Member and the matters in respect of which the receipt or expenditure takes place;
 - (b) all sales and purchases of goods or services by the Member;
and
 - (c) the assets and liabilities of the Member.
- (2) Every Member shall cause to be prepared from time to time, as at the date which shall not without the leave of the Board of Directors be more than twelve months after the date of the previous balance sheet or (if later) the date on which the Member becomes a Member of ABTA, a balance sheet showing the state of affairs of the Member and a profit and loss account for the period ending on the date of such balance sheet. The balance sheet and profit and loss account of a Member who is not a company incorporated under the Acts (or other statutory provision of equivalence to the Acts such as the Limited Liability Partnerships Act 2000) shall comply with the Acts as if the Member were a company incorporated under the Acts so far as they are capable of applying, with such modifications or exceptions as the Board of Directors shall in any particular case or class of cases prescribe from time to time.

REPORTS OF REPORTING ACCOUNTANTS

- 3
 - (a) Every Member shall appoint a person (hereinafter called "the Reporting Accountant") who shall be either the auditor of the Member or, if the Member is not required under the Acts or otherwise including by ABTA to be the subject of an audit, is professionally qualified in a manner approved for the time being by the Board of Directors for the purpose of examining Members' accounts.
 - (b) Every balance sheet and profit and loss account shall be audited by the Reporting Accountant of the Member except where the Board of Directors in any case or class of cases may decide that the Reporting Accountant shall examine every balance sheet and profit and loss account and shall report to ABTA in such form as ABTA may from time to time prescribe.
 - (c) Notwithstanding the provisions of paragraphs (3) (a) and (b) above in all cases the Board of Directors can require that the balance sheet and profit and loss account of a Member are audited.
- (4) The Reporting Accountant shall report:
 - (a) whether proper books of account have been kept by the Member and proper returns adequate for his report have been received from branches not visited by him;
 - (b) whether he received all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his report;
 - (c) whether the balance sheet and profit and loss account comply with the above provisions of this Article;
 - (d) the amount of the turnover of passenger traffic (showing separately travellers' cheques and currency) of the Member in respect of the period covered by the profit and loss account in such form as may be prescribed from time to time by the Board of Directors; and

- (e) in respect of Members engaged in Principal Business, showing separately the turnover of Principal Business as defined in Article 2 (before deducting commissions)
- (5) It shall be the duty of the Member to allow the Reporting Accountant access at all times to the Member's books, accounts and vouchers, and to provide such information and explanations as the Reporting Accountant thinks necessary for the performance of his duties.
- (6) A copy of every balance sheet, and profit and loss account, together with a signed copy of the Reporting Accountant's report thereon, shall not later than six months after the date to which the balance sheet was made up be delivered to ABTA.
- (7) The Member shall provide such further information, documents, or reports as ABTA may require within such period as ABTA may specify. In addition, every Member, or his Reporting Accountant, shall be required to provide ABTA with such further information as may be deemed necessary by the Board of Directors with regard to his financial position. Such information shall be in such form and within such time limit as prescribed by the Board of Directors.
- (8) In cases where applicants for membership have not previously carried on business for a sufficient time to be able to lodge any reports under this Article which may be required to be lodged upon application for membership, the Board of Directors may require the applicant to provide a bond, guarantee or other security for such amount and on such conditions as the Board of Directors shall direct until such report is lodged and accepted.
- (9) (a) A Member who is not established or incorporated within the United Kingdom of Great Britain and Northern Ireland shall comply with the provisions of this Article to the extent that it is possible to do so in accordance with any conditions, modifications or exceptions as the Board of Directors shall in any particular case or class of cases prescribe from time to time.
(b) All documentation required from a Member to whom sub-paragraph (a) above applies shall be provided to ABTA in English in a form that is acceptable to the Board of Directors.
- (10) If in the opinion of the Board the accounts of any Member of ABTA are unsatisfactory or any Member shall have failed to comply with the provisions of Article 10, the Board shall decide whether or not the membership of the Member shall be terminated, or whether that Member shall be required to provide further finance or a bond, guarantee or other security. If the Member shall fail to comply with any requirements of the Board with regard to the provision of further finance, a bond, guarantee or other security and if the Board shall decide to terminate his membership, he shall thereupon cease to be a Member of ABTA.

NOTE: The Acts referred to in this Article mean the relevant provisions of the Companies Acts and all other Acts concerning companies for the time being in force.

Appendix 28



ABTA Ltd 30 Park Street, London SE1 9EQ
 T: +44 (0)20 3117 0500 | F: +44 (0)20 3117 0581 | E: abta@abta.co.uk | www.abta.com

Date Received Stamp
ABTA use only

STATEMENT OF PROJECTED BRANCH TURNOVER

(Must be completed by a Director, Partner, Proprietor,
Co. Secretary or Authorised Signatory of the member)

Member's Name _____ **Head Office ABTA Number** _____

Address of New Branch _____

Date of opening or acquisition _____

Projection for the Year _____ **to** _____
 (Projection for the year from intended date of branch opening)

PROJECTED BRANCH TURNOVER

Note £

Gross Retail Turnover	1	
Other Revenue (Please give details on page 2)	2	
Total Branch Turnover		

PLEASE ENSURE THAT SECTION A IS FULLY COMPLETED

Section A – Gross Retail Turnover

Breakdown of items included in Gross Retail Turnover above for this Branch.

Note £

(a) Credit Turnover with Principals	3(a)	
(b) Car Hire Credit Turnover	3(b)	
(c) BSP Turnover – Cash Sales	3(c)	
BSP Turnover – IATA Credit Card Sales	3(c)	
(d) Rail Settlement Plan (RSP) and Eurostar Turnover	3(d)	
(e) Scheduled Bus & Coach Ticket Turnover	3(e)	
(f) Single Payment Scheme Turnover (SPS)	3(f)	

I have read the relevant guidance notes and confirm that the analysis of turnover shown above above is in accordance therewith.

Signed _____
 Director/Proprietor/Partner/Co.Secretary/Authorised Signatory (delete as applicable)

Name _____
 (Please print in Block Capitals)

Date _____

Boproj

GUIDANCE NOTES TO THE STATEMENT OF PROJECTED BRANCH TURNOVER

(1) **Gross Retail Turnover**

Business transacted as an agent for a Principal, remunerated by commission or otherwise, in respect of the sale or offer for sale of any travel arrangements. The amount shown on this form should represent the estimate of amounts paid or payable by customers for the period of the form.

(2) **Other Revenue**

Please include **full details** below of all other branch turnover or income.

(3) **Gross Retail Turnover**

The following reliefs are available in calculating the Applicable Risk Turnover (ART).

(a) **Credit Turnover with Principals**

Exemption will be considered if the Agent and Tour Operator have provided proof of credit arrangements on the Association's standard form (CR001) and a list of the individual operators is provided with this form. A current list of Tour Operators who have given valid agreements can be obtained by contacting the Financial Monitoring Department.

(b) **Car Hire Credit Turnover**

Only credit turnover with specialist car hire principals as agreed by the Board of Directors qualify for exemption provided agreements have been submitted to the Association on an individual basis for each car hire operator (CR002).

(c) **BSP Turnover**

BSP Turnover should relate only to air tickets issued under the IATA BSP system by the members under their IATA Licences and not to IATA tickets purchased from another supplier. BSP turnover must be split into cash and credit card sales and should exclude BSP sales which form part of a tour operation

(d) **Rail Settlement Plan and Eurostar**

Rail Settlement Plan (RSP) turnover should relate only to rail tickets issued under an ATOC (Association of Train Operating Companies) Licence and accounted for through RSP. Eurostar turnover should relate only to tickets issued at or before the time of Payment.

(e) **Scheduled Bus & Coach Ticket Turnover**

Turnover arising from the sale of tickets for journeys within the United Kingdom on stage fare bus or coach services where the ticket is issued at or before the time of payment. This does not include tickets for day excursions.

(f) **Single Payment Scheme Turnover**

Exemption will only be given to members who have completed form SPS1. Applicable Risk Turnover will then be reduced by 5% of the projected turnover paid through Single Payment Scheme during the period.

Appendix 29

**ABTA Limited
DEED OF GUARANTEE**

THIS DEED is made the..... day of.....

Two thousand.....

BETWEEN.....Ltd (Company Number) whose

registered office is at.....

(hereinafter called "the Surety") of the one part and **ABTA LIMITED** whose registered offices is at 30 Park Street, London SE1 9EQ (hereinafter called "the Association") of the other part.

WHEREAS:

(A) Clause 4(1)(e) of the Association's Articles of Association (hereinafter called "the Articles") provides that a Member of the Association must satisfy the Association's Board of Directors (hereinafter called "the Board") that there is in force a bond and/or guarantee and/or other security in such form and for such amount as is acceptable to the Board securing his liability in respect of this Retail Business and/or his Principal Business as defined in the Articles.

(B) The surety has agreed to enter into the guarantee hereinafter contained in consideration of the Board agreeing to admit to membership or continue the membership of

.....

of

(hereinafter called "the Member").

NOW THIS DEED WITNESSETH as follows:

(1) In consideration of the Board agreeing at the request of the Surety to admit to membership or continue the membership of the Member the Surety HEREBY COVENANTS that it will forthwith upon demand wherever and so often as the Board may require pay and make good to the Association all moneys properly applied or expended by the Board in exercise of its powers by reason of any default or financial failure of the Member.

(2) The Board may regard the obligation of the Surety pursuant to this Deed as part of the resources available to them for the purposes of the Funds as set out in Article 9 (7) of the Articles.

(3) The expenditure of moneys under the Articles as a consequence of the default or financial failure of the Member shall as against the Surety be conclusive evidence that such moneys were properly expended and the Surety shall not be entitled to challenged the exercise by the Board of its discretion under the Articles.

Deegua

(4) A certificate under the hand of the auditor for the time being of the Association stating the amount of any payment made by the Board occasioned by the default of the Member shall be sufficient and conclusive evidence against the Surety as to the amount of such payment.

(5) The Board may at any time require the Surety to pay to the Association such sum as appears to the Board to be required in respect of the Member on account of liability incurred or intended to be incurred by the Board for expenditure for any of the purposes specified in the Articles.

(6) The provision of this Deed shall remain in force notwithstanding:-

- (i) any alteration in the constitution of the Association
- (ii) the Member at any time ceasing for any reason whatsoever to be a member of the Association
- (iii) any time or indulgence granted to, or failure to enforce any remedy of the Association against, the Member or any other person
- (iv) any bond or other security hereafter obtained or required by the Board.

(7) This Deed shall in all respects be governed by the laws of England and the Surety hereby submits to the jurisdiction of the English Courts in relation to all matters arising from or in connection with this deed and for this purpose irrevocably appoints

.....
ofits agent for service of process.

(8) **WHERE** the Surety consists of more than one person firm or corporation the obligations of the Surety hereunder shall be joint and several.

IN WITNESS whereof the parties hereto have executed these presents the day and year first above written.

in the presence of.....Director

.....Secretary

Appendix 30

DEED OF UNDERTAKING

THIS DEED OF UNDERTAKING is made the day of

Two Thousand and..... BETWEEN

1

of.....
(hereinafter called "the Lender" which expression shall include his personal representatives) and

2

whose registered office is at.....
(hereinafter called "the Company") and

3
ABTA Limited whose registered office is at 30 Park Street, London, SE1 9EQ (hereinafter called "the Association")

WHEREAS

A The Lender has advanced to the Company an unsecured loan of
(hereinafter called "the Loan") which the Company acknowledges is due to the Lender and under which no interest is chargeable unless the Association shall have given its prior written consent to the charging of interest and to the rate thereof.

B The Association in accordance with the relevant Article or Articles of Association has required the Company to provide security as a condition of membership or continued membership of the Association and has required inter alia that the Lender and the Company give the following undertakings to the Association and to each other.

NOW THEREFORE The Lender hereby irrevocably undertakes to the Association and to the Company and the Company hereby separately and irrevocably undertakes to the Association and to the Lender

1 That the Lender will not demand or accept repayment from the Company of, or assign charge or otherwise deal with, the Loan or any part of it and the Company will not repay to the Lender the Loan or any part of it beforeand thereafter only upon having first obtained the consent of the Association in writing to such repayment as is demanded or to be accepted as the case may be which consent the Association may, in its discretion, grant unconditionally, or grant subject to such conditions as it sees fit, or refuse.

2 If the Company is, in the opinion of the Association, unable to meet its financial commitments or if the Company enters into liquidation, whether compulsory or voluntary (except a members' voluntary liquidation for the purpose of reconstruction or amalgamation), the Lender will not accept payment of the Loan or any part of it until all ordinary creditors of the Company who have made claims have been paid in full so that the Loan due to the Lender shall rank after the ordinary debts of the Company in priority.

Loansubdeed1

- 3 If the Company is, in the opinion of the Association, unable or unwilling to meet its financial commitments and if the Lender has failed to comply with the terms of either or both of Paragraphs one or two of this undertaking, the Lender will reimburse the Association to the extent of any losses suffered by the Association arising from the failure of the Company to meet its financial commitments within 28 days from the date of any demand received from the Association. If posted any such demand shall be deemed to be served two working days after the date of posting to the Lender. Any such demand shall take the form of a certificate from the Association that any sum demanded is properly due and this will be deemed to be conclusive against the Lender for the amount so demanded. Any such demand shall not exceed the total amount of the Loan and any interest charged if any, and may be served on the lender by the Association notwithstanding any right which the Association may have to demand payment from any other person under any other agreement or form of security and the order in which such demands are used to meet the said losses shall be decided by the Association in its absolute discretion.
- 4 This undertaking shall not be discharged or released or varied by any arrangement whatsoever and howsoever made between the Lender and the Company without the prior written consent of the Association.
- 5 This undertaking shall be a continuing security binding the Lender and shall not be affected by any change in the name, style or constitution of the Company and shall continue and remain in force notwithstanding the Company ceasing to be a member of the Association for whatever reason.
- 6 This undertaking shall be governed and construed in accordance with the Laws of England.
- 7 This undertaking shall remain in full force and effect in the event of the death or bankruptcy of the Lender or a composition with the Lender's creditors and shall bind the Lender's personal representative, trustee, nominee or supervisor.

IN WITNESS whereof the parties hereunto have executed this Instrument as a Deed the day and year first before written.

SIGNED AS A DEED AND DELIVERED	
by the said	(the Lender)
in the presence of	
On behalf of	(The Company)
Director	
Secretary	

Appendix 31

DEED OF UNDERTAKING

THIS DEED OF UNDERTAKING is made the day of

Two Thousand and..... BETWEEN

1

of.....
(hereinafter called "the Lender" whose registered office is at

2

whose registered office is at.....
(hereinafter called "the Company") and

3
ABTA Limited whose registered office is at 30 Park Street, London, SE1 9EQ (hereinafter called "the Association")

WHEREAS

A The Lender has advanced to the Company an unsecured loan of
(hereinafter called "the Loan") which the Company acknowledges is due to the Lender and under which no interest is chargeable unless the Association shall have given its prior written consent to the charging of interest and to the rate thereof.

B The Association in accordance with the relevant Article or Articles of Association has required the Company to provide security as a condition of membership or continued membership of the Association and has required inter alia that the Lender and the Company give the following undertakings to the Association and to each other.

NOW THEREFORE The Lender hereby irrevocably undertakes to the Association and to the Company and the Company hereby separately and irrevocably undertakes to the Association and to the Lender

1 That the Lender will not demand or accept repayment from the Company of, or assign charge or otherwise deal with, the Loan or any part of it and the Company will not repay to the Lender the Loan or any part of it beforeand thereafter only upon having first obtained the consent of the Association in writing to such repayment as is demanded or to be accepted as the case may be which consent the Association may, in its discretion, grant unconditionally, or grant subject to such conditions as it sees fit, or refuse.

2 If the Company is, in the opinion of the Association, unable to meet its financial commitments or if the Company enters into liquidation, whether compulsory or voluntary (except a members' voluntary liquidation for the purpose of reconstruction or amalgamation), the Lender will not accept payment of the Loan or any part of it until all ordinary creditors of the Company who have made claims have been paid in full so that the Loan due to the Lender shall rank after the ordinary debts of the Company in priority.

Loansubdeed2

- 3 If the Company is, in the opinion of the Association, unable or unwilling to meet its financial commitments and if the Lender has failed to comply with the terms of either or both of Paragraphs one or two of this undertaking, the Lender will reimburse the Association to the extent of any losses suffered by the Association arising from the failure of the Company to meet its financial commitments within 28 days from the date of any demand received from the Association. If posted any such demand shall be deemed to be served two working days after the date of posting to the Lender. Any such demand shall take the form of a certificate from the Association that any sum demanded is properly due and this will be deemed to be conclusive against the Lender for the amount so demanded. Any such demand shall not exceed the total amount of the Loan and any interest charged if any, and may be served on the lender by the Association notwithstanding any right which the Association may have to demand payment from any other person under any other agreement or form of security and the order in which such demands are used to meet the said losses shall be decided by the Association in its absolute discretion.
- 4 This undertaking shall not be discharged or released or varied by any arrangement whatsoever and howsoever made between the Lender and the Company without the prior written consent of the Association.
- 5 This undertaking shall be a continuing security binding the Lender and shall not be affected by any change in the name, style or constitution of the Company and shall continue and remain in force notwithstanding the Company ceasing to be a member of the Association for whatever reason.
- 6 This undertaking shall be governed and construed in accordance with the Laws of England and Wales.

IN WITNESS whereof the parties hereunto have executed this Instrument as a Deed the day and year first before written.

on behalf of
(the Lender)

Director

Secretary

On behalf of
(The Company)

Director

Secretary

Appendix 32

THIS UNDERTAKING is made the _____ day of _____ 200____
BETWEEN _____ Limited (Company Number _____)
whose registered office is at _____
(hereinafter referred to as "the Company") of the one part and
ABTA LIMITED (Company Number 551311)
whose registered office is at 30 Park Street, London SE1 9EQ (hereinafter referred
to as "the Association") of the other part.

WHEREAS:-

- 1 The Company is a member of the Association or has applied to the Association for membership or continued membership of the Association.
- 2 The Association requires as a condition of membership or continued membership that the Company give the following undertaking

NOW THEREFORE:

- 1 In this Undertaking the following shall have the following meanings:-
"Connected Person" shall be construed in accordance with the provisions of Section 249 and 435 of the Insolvency Act 1986 or any re-enactment or modification thereof
"Connected Company" shall include the Company's Holding Company (if any) and any subsidiary of the Company or any Associated Company.
"Holding Company" and "Subsidiary" shall be construed in accordance with the provisions of Section 1159 of the Companies Act 2006 or any re-enactment or modification thereof.
"Associated Company" shall mean any corporation controlled by any Connected Person or any Subsidiary or any Holding Company of the Company.
- 2 The Company hereby irrevocably undertakes to the Association that the Company will not by way of a loan or otherwise advance monies to any Connected Person or Connected Company nor will the Company grant any guarantee in respect of any such Connected Person or Connected Company.
- 3 This Undertaking shall not be discharged released or varied by any arrangement whatsoever and howsoever made with any Connected Person or Connected Company without the prior written consent of the Association
- 4 This Undertaking shall remain in full force and effect for the period during which the Company is a member of the Association.
- 5 This Undertaking shall be governed by the laws of England and Wales.

Executed as a deed and delivered on behalf of.....by

..... Director

..... Secretary

Loanunder

Appendix 33

THIS UNDERTAKING is made theday of20
BETWEEN(Company Number) whose
registered office is at (hereinafter

referred to as "the Company") of the one part and ABTA Limited whose registered office is at
30 Park Street London SE1 9EQ (hereinafter referred to as "the Association") of the other part

WHEREAS:-

- 1 The Company is a member/has applied for membership* of the Association.
- 2 The Association requires as a condition of membership or continued membership that the Company give the following undertaking.
- 3 In this Undertaking "the Preference Shares" shall mean the% Redeemable Preference Shares of £.....each authorised by the Company's Articles of Association and any further shares in respect of which there is provision for redemption which may be issued by the Company while a member of the Association.

NOW THE COMPANY UNDERTAKES THAT:

- 1 The Company will not redeem the Preference Shares or any of them or give or accept any notice to or from holders of such Shares without first giving twelve (12) months Notice of Redemption to the Association and having received the written consent of the Association which consent the Association may in its discretion grant unconditionally or grant subject to such conditions as it may think fit or refuse.
- 2 This Undertaking shall not be discharged released or varied by any arrangement whatsoever and howsoever made without prior consent of the Association.
- 3 This Undertaking shall remain in full force and effect for the period during which the Company is a member of the Association and for a period of six months from the date on which the Company's membership of the Association shall cease.
- 4 This Undertaking shall be exclusively governed by the laws of England and Wales.

IN WITNESS whereof this instrument is executed as a Deed and delivered the day and year first before written.

Director

Secretary

Date20.....

*Delete as appropriate

Prefshares

Appendix 34

AGREEMENT MADE _____ THE DAY OF _____ 20
BETWEEN :

1 ABTA Limited
SITUATED AT 30 Park Street, London, SE1 9EQ ("ABTA") **and**

2 _____
[insert full Legal Identity of party]

SITUATED AT _____ ("THE ACQUIRER")

Whereas the Acquirer wishes to acquire the business or purchase (a) branch office(s) of

[insert full Legal Identity of Seller]

Situated at _____ (**"the Seller"**)

which business or branch office(s) currently trade(s) under ABTA membership number(s)

_____ (**"the ABTA Number(s)"**)

and

Whereas the Acquirer wishes the ABTA Number(s) to be assigned to him

It is hereby agreed as follows :

- 1 ABTA agrees to allow the Acquirer to use the ABTA Number(s) set out above in respect of the following locations subject to the terms set out in the ABTA Articles of Association and any relevant rules made thereunder.
- 2 The Acquirer agrees to indemnify ABTA against any and all claims arising either before or after the date of this agreement that, in ABTA's sole opinion, fall, or could have fallen, to be paid under the scheme of financial protection in respect of the ABTA Number(s) whether such claim or claims arose whilst the ABTA Number(s) was (were) assigned to the Acquirer or the Seller.
- 3 This Agreement is governed by English Law and both parties agree to submit to the jurisdiction of the English Courts at all times.

Signed for and on behalf of

[insert name of Acquirer]

Name _____

Position _____

Date _____

Signed for and on behalf of
ABTA Limited

Name _____

Position _____

Date _____

Tferabano

Appendix 35

**ABTA LIMITED
DEED OF GUARANTEE**

THIS DEED is made the..... day of.....

Two thousand and

BETWEEN.....

of.....

(hereinafter called "the Surety") of the one part and **ABTA LIMITED** whose registered offices is at 30 Park Street, London SE1 9EQ (hereinafter called "the Association") of the other part.

WHEREAS:

- (A) Clause 4(1)(e) of the Association's Articles of Association (hereinafter called "the Articles") provides that a Member of the Association must satisfy the Association's Board of Directors (hereinafter called "the Board") that there is in force a bond and/or guarantee and/or other security in such form and for such amount as is acceptable to the Board securing his liability in respect of this Retail Business and/or his Principal Business as defined in the Articles.
- (B) The surety has agreed to enter into the guarantee hereinafter contained in consideration of the Board agreeing to admit to membership or continue the membership of

Name

of.....

Address

(hereinafter called "the Member").

NOW THIS DEED WITNESSETH as follows:

- (1) In consideration of the Board agreeing at the request of the Surety to admit to membership or continue the membership of the Member the Surety HEREBY COVENANTS that it will forthwith upon demand wherever and so often as the Board may require pay and make good to the Association all moneys properly applied or expended by the Board in exercise of its powers by reason of any default or financial failure of the Member.
- (2) The Board may regard the obligation of the Surety pursuant to this Deed as part of the resources available to them for the purposes of the Funds as set out in Article 9 (7) of the Articles.
- (3) The expenditure of moneys under the Articles as a consequence of the default or financial failure of the Member shall as against the Surety be conclusive evidence that such moneys were properly expended and the Surety shall not be entitled to challenge the exercise by the Board of its discretion under the Articles.
- (4) A certificate under the hand of the auditor for the time being of the Association stating the amount of any payment made by the Board occasioned by the default of the Member shall be sufficient and conclusive evidence against the Surety as to the amount of such payment.

PersonalGua

(5) The Board may at any time require the Surety to pay to the Association such sum as appears to the Board to be required in respect of the Member on account of liability incurred or intended to be incurred by the Board for expenditure for any of the purposes specified in the Articles.

(6) The provision of this Deed shall remain in force notwithstanding:-

- (i) any alteration in the constitution of the Association
- (ii) the Member at any time ceasing for any reason whatsoever to be a member of the Association
- (iii) any time or indulgence granted to, or failure to enforce any remedy of the Association against, the Member or any other person
- (iv) any bond or other security hereafter obtained or required by the Board.

(7) This Deed shall in all respects be governed by the laws of England and the Surety hereby submits to the jurisdiction of the English Courts in relation to all matters arising from or in connection with this deed and for this purpose irrevocably appoints

.....
ofits agent
for service of process.

(8) **WHERE** the Surety consists of more than one person firm or corporation the obligations of the Surety hereunder shall be joint and several.

IN WITNESS whereof the parties hereto have executed these presents the day and year first above written.

SIGNED AS A DEED AND DELIVERED BY THE SAID.....

(signature).....

in the presence of (Signature)

.....(Name)

.....(Address)

Appendix 36

FORM OF AUTHORITY

I/We hereby authorise ABTA Limited and the Civil Aviation Authority to provide the following information to the other body should such information be requested by either body:-

- 1 Conditions for grant of the ATOL;
- 2 Details of the schedule(s) to the firm's ATOL;
- 3 Copy of ATOL application form completed and submitted by the firm, and of any subsequent amendments;
- 4 Any variations to the ATOL and/or changes in non-licensable (i.e.: non-ATOL) turnover;
- 5 Details of the firm's trading methods and/or details of turnover, including copies of documentation, agency relationships, advertising material and contracts;
- 6 Addresses from which the firm trades;
- 7 Details of ownership and control of the firm; including senior management and consultants;
- 8 Details of any associated businesses (as defined by CAA) connected to the firm;
- 9 Details of any financial re-structuring of the firm;
- 10 Details of any complaints received by the firm, or about the firm, concerning either commercial or consumer matters;
- 11 Details of any court judgements given or orders made against the firm.

.....
(Director/Proprietor/Partner/Authorised Person)

.....
(Firm)

..... (Date)

NOTE: When used above "the firm" shall mean the sole trader, the partnership, the limited company as appropriate.

CAA.Auth

Appendix 37

BANK FORM OF AUTHORITY

To be completed by **all applicants for membership**

Please insert name and address of bank.

The Manager

..... Bank
.....
.....
.....
.....
.....

I/We hereby authorise Bank to provide ABTA Limited with details of all current and future authorised signatories to my/our account(s) with your branch and any further details that may be reasonably requested from time to time regarding my/our affairs.

Company Name

Signed
(Director/Proprietor/Partner/Authorised Person)

Date: