

ABTA Limited

Company number 551311

Consolidated Annual Report and Financial Statements 2016

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ABTA Ltd Financial Statements for the year ended 30 June 2016

Corporate governance statement

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

General

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

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

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

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

- 4 persons representing ABTA Members who are elected by the membership
- 1 person being the Chairman who is elected by the membership
- 1 person being the Chief Executive
- 5 persons representing ABTA Members who are appointed by the Board members
- 3 other persons who are appointed by the above Board members who need not represent a Member of ABTA

At 30 June 2016 there were 13 Board members and 1 vacancy.

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

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

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

Financial Reporting

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

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

Risk Management

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

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

Corporate governance statement (continued)

Controls and Procedures

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

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

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

Strategic Report

1. Strategic Management

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

The role of ABTA is:

- To promote the interests of all Members in their relationships with each other and with other branches of the international travel industry, such as airlines, shipping companies, railways, coach companies and hotels.
- To maintain a Code of Conduct governing the activities of Tour Operators and Travel Agents for the benefits of Members and the travelling public.
- To maintain liaison with governments and organisations concerned with the development of travel and tourism both in the United Kingdom and abroad.

ABTA's directors set the group's strategy, and continually review performance against plan and budget.

2. Business Environment

The last 12 months have been an extraordinary time for the travel industry. While there have been some very encouraging and positive signs of growth and a strong summer season in 2015, the past year has also been dominated by a series of high profile terrorist incidents, economic unrest, Brexit and the spread of the Zika virus. ABTA has worked hard with destinations, the FCO and Members to ensure that travel businesses, the travelling public, and the media get balanced and informed advice and information, as and when it is needed.

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

3. Business Performance

ABTA delivered a good operating performance. 59 new Members joined the Association in the year under review, bringing the year-end membership number to 1,162. The total turnover of ABTA Members (the basis for ABTA's own subscription income) increased from £32.07 to £33.77 billion. ABTA remains by far the most recognised travel industry trade body among UK consumers, with a 71% public recognition factor.

ABTA's overall financial position remains healthy. A group surplus after taxation of £316k (2015: £3,820k) was made, of which a loss of £410k related to Trade Association and a profit of £726k to Insurance activities. It is important to note that insurance is by its very nature cyclical. The group surplus together with the effect of the actuarial loss on the pension scheme of £1,465k (2015: £786k) net of tax, overall decreased ABTA's group net assets by £1,149k (2015: increase of £2,941k).

Voice of the industry

ABTA Members place a high value on its role in representing the wider industry's interests. The latest ABTA Consumer Survey revealed that ABTA has a very high recognition factor of 71%, and 73% of consumers feel more confident booking with an ABTA Member. ABTA was also voted a "Business Super brand" for the tenth consecutive year by a poll of over 2,500 marketing experts and business professionals.

ABTA's strong representation among travel businesses, and its reputation as a reliable, trustworthy expert, has enabled it to make good progress on a number of important travel issues among key decision makers in both Westminster and Brussels.

Strategic Report (continued)

As a leading member of the 'A Fair Tax on Flying Campaign', along with other travel industry organisations and companies, ABTA continues to work towards reducing Air Passenger Duty (APD). Progress continues, with recent changes meaning APD is no longer applied to children under the age of 16 from 1 March 2016. In Scotland a consultation on APD has begun, with SNP ministers saying they are looking to cut the duty by 50% between April 2018 and 2021. ABTA will continue to work for similar reductions in the rest of the UK.

The Airports Commission, chaired by Sir Howard Davies, spent two years working on recommendations for increasing airport capacity in the South East. The Commission published its final report on 1 July 2015, suggesting a new north-west runway at Heathrow presented the strongest case and offered the greatest strategic and economic benefits. Later in 2015, the Government announced that, while they accepted the case for airport expansion in the South East, they had delayed their final decision pending further work on air quality and greenhouse gas emissions of the three shortlisted options. ABTA is disappointed that the decision on whether to go ahead with a new runway has been delayed again and believe failure to act will only lead to further damage to the economy. ABTA believes that the Commission's recommendation for a new runway at Heathrow was made in a fair and transparent way and therefore will continue to work with the Government and all major parties to ensure that a decision on this important matter is made as soon as possible.

In the lead up to the EU Referendum, ABTA and Deloitte worked together to consider what a vote to leave the European Union might mean for UK travel. This resulted in the production of a report "What Brexit might mean for UK travel" which was distributed to all Members as well as to industry and national media. The report aimed to provide travel businesses and the travel customer with facts and assessments to ensure there were no surprises about what a vote to leave the EU might mean from a UK travel perspective.

Following several years of negotiations, the new Package Travel Directive was passed by the European Parliament on 11 December 2015 and implementation is required to take place by 1 January 2018. ABTA played a very active role in Brussels, arguing for a more level playing field for travel companies as the Commission seeks to enhance consumer protection and clear up confusion around holiday sales. The revised Directive goes some way to achieving these aims. ABTA will continue to work with EU institutions and with the Government to represent the views of its Members as the reforms are implemented and, of course, support Members as these changes begin to impact their businesses.

ABTA was approached by Government to join the Tourism Industry Council. Mark Tanzer, CEO of ABTA now sits on the group, along with Council Members drawn from across the Tourism Industry and Government. The Council's focus is on improving the tourism sector including jobs, transport and deregulation.

Industry support

The complex, dynamic and global nature of the travel industry means that ABTA and its Members are called on to deal with a wide range of issues and crises that can break at any time.

The Member Survey results highlighted that ABTA's operational and crisis management work and communications support were two of the most important services provided to Members in the last year. During the past 12 months, there has been unprecedented global political uncertainty and a series of appalling terrorist attacks on popular destinations and cities, both close to home and further afield.

As well as these horrific terrorist attacks, there have been other high-profile issues and incidents impacting the industry that have captured the headlines in the last year: the migrant crisis and its impact on tourism to the Greek Islands and the spread of the Zika virus primarily across a number of South American and Caribbean countries, are two such.

Strategic Report (continued)

During these challenging times, ABTA has provided support, information and advice to Members and the travelling public in a number of ways. The Destination Services Operational Bulletins are an essential way to keep Members informed of the very latest information and travel advice, with round-the-clock updates being provided. In the last year, over 1,045 Operational Bulletins were circulated on breaking crises as well as on changes to Foreign Office advice, new visa requirements, hurricane warnings and political unrest. This information was also made available on abta.com in the Member Zone.

During the year, ABTA conducted 773 media interviews across all of the major news media, including BBC, ITV and Sky News, helping to keep the travelling public up-to-date and informed with balanced and accurate advice on key travel matters. ABTA also posted consumer news alerts on abta.com following major incidents. ABTA's Twitter account now has over 14,500 followers – including nearly 500 travel and transport correspondents – providing it with another important channel through which to provide accurate travel information.

As well as providing support during times of crisis, ABTA made progress in a number of other areas. Three additional expert helplines provided by ABTA Partners, are now available to Members. These cover investments expansion and sales advice, managing risk and HR and training and recruitment. These join existing helplines on tax, employment law and crisis management and they help to complement the free legal advice on travel law provided by the ABTA legal department and the guidance offered by the Business Support team.

Increasing attention on the treatment of animals in tourism has shown the importance of high standards of animal welfare. ABTA's Animal Welfare guidelines continue to prove useful to Members by providing transparent and robust standards on a range of topics including captive animals, unacceptable practices, working animals, elephants, dolphins and animal viewings.

Travel with confidence

In early 2016, ABTA ran two major media campaigns aimed at targeting Members' customers with important messages about booking their holiday with an ABTA Member, and booking early: the "Travel with confidence" campaign and the "ABTA Earlybird" campaign.

ABTA's "Travel with confidence" advertising campaign ran through January and February with a further wave of activity in June 2016. The overarching campaign message calls for consumers to always look for the ABTA logo and highlights the benefits of booking with an ABTA Member. Through the print campaign which included advertisements running in the Mail on Sunday, Daily Telegraph and Radio Times, it reached a combined circulation of more than 3.3 million. Through the digital campaign on YouTube, travel and family-related websites it reached more than 3 million people.

ABTA's third annual Earlybird campaign ran during the travel industry's peak booking period in January and informed the travelling public of the key advantages of booking their summer holidays early, namely; greater choice and availability, discounts and free child places. This year's campaign went fully digital to ensure the campaign was more targeted. An ABTA Earlybird map was created – housed on the website – which gave the public an 'at a glance' view of holiday deals being tweeted by participating Members. The campaign saw nearly 30,000 unique users visiting the Earlybird hub and over 4.5 million views of the adverts and branding. 91 Members and Partners were directly involved – an increase of nearly a third compared to last year.

The Customer Support team had another busy year helping customers resolve disputes with ABTA Members. It handled 9,962 cases and 12,257 telephone enquiries over the year. Following changes to EU Alternative Dispute Resolution (ADR) legislation in October 2015, ABTA's own ADR scheme was audited by the Chartered Trading Standards Institute and gained approval, the first in the industry to do so. The ADR scheme offers a bespoke and specialist system for ABTA Members and their customers which is more speedy and cost effective than going through the small claims court. It can also offer a demonstrable marketing advantage to ABTA Members because it shows an ongoing commitment to the highest standards of customer care. Last year there were 198 arbitration awards and ABTA also invested in the ADR scheme by introducing online complaints procedures and improved guidance for customers. Currently, 182 Members use the ABTA/ATOL joint Administration scheme, which has proved very popular since its introduction in 2012.

Strategic Report (continued)

Throughout the year ABTA ran 18 very popular and successful training events including Travel Law, Travel Matters, Complaints Handling Workshops, Managing Customer Complaints, A Beginner's Guide to Travel Law and Travel Essentials. Particular highlights were taking the complaints series and A Beginner's Guide to Travel Law to Manchester and Leeds respectively. ABTA's sponsored lunches at the World Travel Market event also proved very popular.

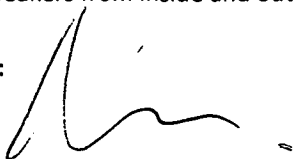
ABTA's regional meetings programme - free for Members and Partners - attracted over 300 attendees last year, a substantial increase on the previous year. Attendee feedback about the meetings was uniformly positive.

In October, hundreds of delegates attended the Travel Convention in Costa Navarino, Greece where risk and resilience were the twin themes. Expert speakers from inside and outside the industry gave valuable insights into managing business relationships.

By Order of the Board:

Simon E Bunce
Secretary
30 Park Street
London SE1 9EQ

17 NOVEMBER 2016



ABTA Ltd Financial Statements for the year ended 30 June 2016

Directors' Report

Reports of the board of directors

The board of directors submits its Strategic Report, Directors' Report and the Financial Statements for the year ended 30 June 2016.

1. Directors

The names of the members of the board of directors during the year ended 30 June 2016 were:

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

Elected by the membership: Alistair Rowland
Doreen McKenzie
Martin Randall
Andrew Swaffield

Appointed Member representatives: Daniele Broccoli
Roger Allard
Richard Downs
Fraser Ellacott (resigned 22 June 2016)
Kathryn Darbandi (appointed 22 June 2016)
Craig Stoehr (resigned 28 January 2016)
Andrew Flintham (appointed 22 June 2016)

Non-members: Christine Farnish (resigned 22 June 2016)
Lord Fowler (resigned 22 June 2016)
Katrina Machin
Mandie Campbell (appointed 22 June 2016)

ABTA provided 3rd party indemnity insurance for all the directors throughout the year ended 30 June 2016.

2. Going Concern

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

3. Charitable donations

Charitable donations totalling £12k were paid during the year ended 30 June 2016. Included in the charitable donations was £10k to ABTA Lifeline, ABTA's charitable trust for those in the travel industry who have fallen upon hard times.

4. Auditor

This was put out to tender and Moore Stephens won the contract for the next three years. A resolution at the forthcoming AGM will be proposed to seek reappointment of the auditors.

5. Strategic report

The directors have prepared a separate Strategic Report incorporating the business review, risks and uncertainties. This is set out on pages 3-5.

6. Statement of disclosure of information to auditors

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

- make themselves aware of any relevant audit information (as defined by the Companies Act 2006) and;
- ensure that the auditors are aware of all relevant audit information (as defined).

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

By Order of the Board:

Simon E Bunce, Secretary, 17 November 2016

30 Park Street, London, SE1 9EQ

Directors' responsibilities statement

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

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

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

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

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

ABTA Ltd Financial Statements for the year ended 30 June 2016

Independent auditor's report to the members of ABTA Ltd

We have audited the financial statements of ABTA Limited for the year ended 30 June 2016 which comprise the Group Statement of Comprehensive Income, Group and Company Statement of Changes in Reserves, Group Balance Sheet, Company Balance Sheet and Group Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 30 June 2016 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Moore Stephens LLP

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

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

24 November 2016

**Group Statement of Comprehensive Income
for the year ended 30 June 2016**

| | Notes | 2016 £000s Trade association activities | 2016 £000s Insurance activities | 2016 £000s Total | 2015 £000s Total |
|--------------------------------------------------------------|-------|--------------------------------------------------|------------------------------------------|------------------------|------------------------|
| Turnover | 2 | 7,391 | 1,381 | 8,772 | 8,044 |
| Insurance claims, net of recoveries | | - | (117) | (117) | (65) |
| Gross surplus | | 7,391 | 1,264 | 8,655 | 7,979 |
| Administration expenses | | (7,405) | (704) | (8,109) | (7,810) |
| (Loss) / gain on revaluation of investment property | | (1,350) | - | (1,350) | 4,100 |
| Operating (deficit) / surplus before interest and tax | | (1,364) | 560 | (804) | 4,269 |
| Investment income | | 712 | 166 | 878 | 827 |
| (Loss) / surplus before taxation | 3 | (652) | 726 | 74 | 5,096 |
| Taxation | 6 | 242 | - | 242 | (1,276) |
| (Loss) / surplus for the year after taxation | | (410) | 726 | 316 | 3,820 |
| Other comprehensive income | | | | | |
| (Loss) / surplus for the year | | (410) | 726 | 316 | 3,820 |
| Actuarial loss on defined benefit pension scheme | 15 | (1,700) | - | (1,700) | (1,099) |
| Movement in related deferred tax asset | | 235 | - | 235 | 220 |
| Total comprehensive (loss)/income for the year | | (1,875) | 726 | (1,149) | 2,941 |

There were no discontinued operations during the year.

The notes on pages 16 to 30 form part of these financial statements.

ABTA Ltd Financial Statements for the year ended 30 June 2016

Group balance sheet at 30 June 2016

| | Notes | Trade association activities £000s | Insurance activities £000s | 2016 £000s |
|-------------------------------------------------|-------|------------------------------------------|----------------------------------|----------------|
| Fixed assets | | | | |
| Intangible fixed assets | 7 | 336 | - | 336 |
| Tangible fixed assets | 8 | 17,170 | - | 17,170 |
| Investments | 9 | - | 125 | 125 |
| | | 17,506 | 125 | 17,631 |
| Current assets | | | | |
| Debtors amounts falling due within one year | 10 | 939 | 156 | 1,095 |
| Investments | 11 | 4,518 | 19,391 | 23,909 |
| Cash at bank and in hand | | 1,292 | 929 | 2,221 |
| | | 6,749 | 20,476 | 27,225 |
| Creditors: amounts falling due within one year | 12 | (2,373) | (33) | (2,406) |
| Net current assets | | 4,376 | 20,443 | 24,819 |
| Total assets less current liabilities | | 21,882 | 20,568 | 42,450 |
| Creditors: amounts falling due after one year | 12 | (129) | - | (129) |
| Provisions for liabilities | | | | |
| Deferred taxation | 13a | (923) | - | (923) |
| Loss provision on insurance activities | 13b | - | (52) | (52) |
| | | (1,052) | (52) | (1,104) |
| Net assets excluding pension liabilities | | 20,830 | 20,516 | 41,346 |
| Net pension liabilities | 15 | (4,860) | - | (4,860) |
| Net assets including pension liabilities | | 15,970 | 20,516 | 36,486 |
| Represented by: Reserves | | 15,970 | 20,516 | 36,486 |

These financial statements were approved by the board of directors and authorised for issue on 17 November 2016

Signed on behalf of the board of directors by



Noel Josephides
Chairman



Mark Tanzer
Chief Executive

The notes on pages 16 to 30 form part of these financial statements.
Company registration number: 551311

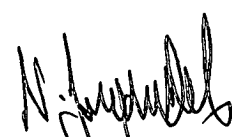
ABTA Ltd Financial Statements for the year ended 30 June 2016

Group balance sheet at 30 June 2015

| | Notes | Trade association activities £000s | Insurance activities £000s | 2015 £000s |
|-------------------------------------------------|-------|------------------------------------------|----------------------------------|----------------|
| Fixed assets | | | | |
| Intangible fixed assets | 7 | 467 | - | 467 |
| Tangible fixed assets | 8 | 18,582 | - | 18,582 |
| Investments | 9 | - | 125 | 125 |
| | | 19,049 | 125 | 19,174 |
| Current assets | | | | |
| Debtors amounts falling due within one year | 10 | 1,199 | 231 | 1,430 |
| Investments | 11 | 3,907 | 18,892 | 22,799 |
| Cash at bank and in hand | | 1,539 | 211 | 1,750 |
| | | 6,645 | 19,334 | 25,979 |
| Creditors: amounts falling due within one year | 12 | (2,201) | (46) | (2,247) |
| Net current assets | | 4,444 | 19,288 | 23,732 |
| Total assets less current liabilities | | 23,493 | 19,413 | 42,906 |
| Creditors: amounts falling due after one year | 12 | (126) | - | (126) |
| Provisions for liabilities | | | | |
| Deferred taxation | 13a | (1,586) | - | (1,586) |
| Loss provision on insurance activities | 13b | - | - | - |
| | | (1,712) | - | (1,712) |
| Net assets excluding pension liabilities | | 21,781 | 19,413 | 41,194 |
| Net pension liabilities | 15 | (3,559) | - | (3,559) |
| Net assets including pension liabilities | | 18,222 | 19,413 | 37,635 |
| Represented by: Reserves | | 18,222 | 19,413 | 37,635 |

These financial statements were approved by the board of directors and authorised for issue on 17 November 2016

Signed on behalf of the board of directors by


Noel Josephides
Chairman


Mark Tanzer
Chief Executive

The notes on pages 16 to 30 form part of these financial statements.
Company registration number: 551311


ABTA Ltd Financial Statements for the year ended 30 June 2016

Company balance sheet at 30 June 2016

| | Notes | 2016 £000s | 2015 £000s |
|-------------------------------------------------|-------|----------------|----------------|
| Fixed assets | | | |
| Intangible fixed assets | 7 | 336 | 392 |
| Tangible fixed assets | 8 | 17,170 | 18,582 |
| Investments | 9 | 2,104 | 1,560 |
| | | 19,610 | 20,534 |
| Current assets | | | |
| Debtors: amounts falling due - within one year | 10 | 910 | 990 |
| - after one year | 10 | 1,429 | 1,474 |
| Investments | 11 | 4,518 | 3,907 |
| Cash at bank and in hand | | 530 | 1,097 |
| | | 7,387 | 7,468 |
| Creditors: amounts falling due within one year | 12 | (1,625) | (1,647) |
| Net current assets | | 5,762 | 5,821 |
| Total assets less current liabilities | | 25,372 | 26,355 |
| Provisions for liabilities | | | |
| Deferred taxation | 13 | (923) | (1,586) |
| Net assets excluding pension liabilities | | 24,449 | 24,769 |
| Net pension liabilities | 15 | (4,860) | (3,559) |
| Net assets including pension liabilities | | 19,589 | 21,210 |
| Represented by: Reserves | | 19,589 | 21,210 |

These financial statements were approved by the board of directors and authorised for issue on 17 November 2016

Signed on behalf of the board of directors by


Noel Josephides
Chairman


Mark Tanzer
Chief Executive

The notes on pages 16 to 30 form part of these financial statements.
Company registration number: 551311

**Statement of changes in Equity
at 30 June 2016**

Reserves at 30 June 2016

| Group | Restricted Retail Fund £000s | Restricted Principals' Fund £000s | Accumulated Fund £000s | Total £000s |
|---------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------------|------------------------|
| At 1 July 2015 | 543 | 3 | 37,089 | 37,635 |
| Surplus for the year | - | - | 316 | 316 |
| Other recognised losses | - | - | (1,465) | (1,465) |
| As at 30 June 2016 | 543 | 3 | 35,940 | 36,486 |

| Company | Restricted Retail Fund £000s | Restricted Principals' Fund £000s | Accumulated Fund £000s | Total £000s |
|---------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------------|------------------------|
| At 1 July 2015 | 543 | 3 | 20,664 | 21,210 |
| Loss for the year | - | - | (156) | (156) |
| Other recognised losses | - | - | (1,465) | (1,465) |
| As at 30 June 2016 | 543 | 3 | 19,043 | 19,589 |

Reserves at 30 June 2015

| Group | Restricted Retail Fund £000s | Restricted Principals' Fund £000s | Accumulated Fund £000s | Total £000s |
|---------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------------|------------------------|
| At 1 July 2014 | 541 | 3 | 34,150 | 34,694 |
| Surplus for the year | 2 | - | 3,818 | 3,820 |
| Other recognised losses | - | - | (879) | (879) |
| As at 30 June 2015 | 543 | 3 | 37,089 | 37,635 |

| Company | Restricted Retail Fund £000s | Restricted Principals' Fund £000s | Accumulated Fund £000s | Total £000s |
|---------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------------|------------------------|
| At 1 July 2014 | 541 | 3 | 17,774 | 18,318 |
| Surplus for the year | 2 | - | 3,675 | 3,677 |
| Other recognised losses | - | - | (785) | (785) |
| As at 30 June 2015 | 543 | 3 | 20,664 | 21,210 |

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

ABTA Ltd is a company limited by guarantee and not having a share capital. Each Member of ABTA Ltd has undertaken to contribute an amount not exceeding £10 to the assets of ABTA Ltd in the event of it being wound up within the period of their membership or within one year after ceasing to be a Member. At 30 June 2016 ABTA Ltd had 1,162 Members (2015: 1,165) and therefore no Member or group of Members is considered to control the company.

ABTA Ltd Financial Statements for the year ended 30 June 2016

**Group cash flow statement
for the year ended 30 June 2016**

| | 2016 £000s | 2015 £000s |
|-----------------------------------------------------|---------------|---------------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (804) | 4,269 |
| Adjustments for: | | |
| Depreciation and amortisation | 381 | 391 |
| Pension movements | 649 | 641 |
| Non-cash movement in net debt | (496) | (754) |
| Revaluation on investment property | 1,350 | (4,100) |
| Decrease in debtors | 335 | 15 |
| Increase/(decrease) in creditors | 51 | (3) |
| Income tax received | - | 79 |
| Net cash generated from operating activities | 1,464 | 539 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (27) | (63) |
| Purchase of intangible fixed assets | (160) | (258) |
| Interest received | 878 | 827 |
| Pension contributions paid | (524) | (524) |
| Servicing of finance | (50) | (50) |
| Net cash from investing activities | 117 | (68) |
| Net increase in cash and cash equivalents | 1,581 | 469 |
| Cash and cash equivalents at beginning of year | 24,549 | 24,080 |
| Cash and cash equivalents at the end of year | 26,130 | 24,549 |
| Represented by: | | |
| Investments | 23,909 | 22,799 |
| Cash at bank and in hand | 2,221 | 1,750 |
| Cash and cash equivalents at the end of year | 26,130 | 24,549 |

The notes on pages 16 to 30 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

a) Accounting convention

ABTA Limited is a company limited by guarantee, incorporated and registered in England (registration number 551311). These financial statements are presented in pounds sterling (GBP), as that is the currency in which the majority of the groups transactions are denominated. They comprise the financial statements of the group for the year ended 30 June 2016 to the nearest pound.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ('FRS 102'), Financial Reporting Standard FRS 103 – 'Insurance Contracts' ('FRS 103') and the Companies Act 2006. FRS 102 and FRS 103 is mandatory for accounting periods beginning on or after 1 January 2015. The group transitioned from previous UK GAAP to FRS 102 and FRS 103 as at 1 April 2014. The last financial statements prepared under the previous UK GAAP were for the year ended 30 June 2015. These are the group's first set of financial statements prepared in accordance with FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies. The principal accounting policies, which have been applied consistently throughout both years, are set out below.

b) Basis of consolidation

The financial statements comprise the financial statements of ABTA together with its subsidiaries as detailed in note 9 and those of the restricted funds controlled by ABTA as detailed in note 14.

c) Income recognition

Subscriptions relate to the membership year from 1 July 2015 to 30 June 2016. All other income is recognised when services are rendered by the group. Amounts received in advance of services rendered are carried forward in creditors as deferred income. Investment income relating to the year comprises interest and rent receivable.

d) Insurance activities

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

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

e) Expenditure recognition

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

f) Investment property

In accordance with FRS 102 the company's investment property is included in the balance sheet at market value. The carrying value is reviewed annually by the directors based on advice received. Formal independent valuations are undertaken as appropriate, but at least every 5 years and incorporated into the financial statements. Depreciation is not provided in respect of the freehold investment property.

g) Intangible fixed assets

Significant expenditure on computer software is capitalised as an intangible asset and stated at cost. Amortisation is charged on a straight line basis over the estimated useful economic life of the software of 3 years. Amortisation is only charged once the software has been brought in to use.

h) Current asset investments

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

Notes to the financial statements (continued)

i) Other tangible fixed assets

Other tangible fixed assets are carried at cost and depreciation is provided to write down the cost over their expected useful economic lives as follows:

Leasehold improvements - Over the life of the lease of 10 years

Furniture and office equipment - 10% to 33.33% of cost per annum

Depreciation is charged from the month following acquisition.

j) Assets acquired under deferred consideration terms

Intangible fixed assets acquired under deferred consideration terms are capitalised at the estimated present value of the deferred payments based on the dates on which the contracted consideration is expected to become payable by applying appropriate discounted cash flow techniques to represent the fair value of the obligations outstanding on the contract at the financial year end. The discounted deferred consideration is updated annually at each financial year end and any difference between the original and revised fair values is treated as a finance cost.

k) Deferred taxation

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

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

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

l) Investments

The group's and company's investments are included at cost and are subject to annual impairment reviews by the directors.

m) Pension scheme

ABTA operates two types of pension schemes.

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

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

As detailed in note 15, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high-quality corporate bond of equivalent currency and term of the scheme liabilities. The defined benefit pension scheme asset or liability is presented separately after other net assets on the face of the balance sheet.

ABTA also contributes to individual employees' stakeholder pension plans.

The contributions to stakeholder pension plans are charged to the income and expenditure account as they become payable. ABTA Ltd has no further obligations in respect of the stakeholder pension plan.

n) Foreign currencies

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

o) Operating Leases

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

Rental income from the operating lease on the investment property is recognised on a straight line basis over the period of the lease.

Notes to the financial statements (continued)

2 Turnover analysis

| | 2016 £000s Trade association activities | 2016 £000s Insurance activities | 2016 £000s Total | 2015 £000s Total |
|-------------------------------------------|--------------------------------------------------|------------------------------------------|------------------------|------------------------|
| Turnover | | | | |
| Subscriptions | 5,908 | - | 5,908 | 5,317 |
| Outsourcing and miscellaneous Member fees | 178 | - | 178 | 160 |
| Travelife | 453 | - | 453 | 472 |
| Other | 852 | 1,381 | 2,233 | 2,095 |
| Total turnover | 7,391 | 1,381 | 8,772 | 8,044 |

3 (Loss) / Surplus before taxation

| | 2016 £000s | 2015 £000s |
|-----------------------------------------------------------------------------------|---------------|---------------|
| <i>Is stated after charging:</i> | | |
| Depreciation of tangible fixed assets and amortisation of intangible fixed assets | 305 | 316 |
| Operating lease rentals of property | 313 | 315 |
| Foreign exchange loss/(gain) | (8) | 39 |
| Auditor's remuneration: | | |
| for audit | 51 | 51 |
| for tax compliance | 12 | 12 |
| for pension scheme audit | 5 | 5 |
| for other services | 9 | 25 |

4 Salaries and staff costs

| | 2016 £000s | 2015 £000s |
|---------------------------------------------------------------|---------------|---------------|
| Wages, salaries and related staff costs – including directors | 3,782 | 3,534 |
| Social security costs | 404 | 359 |
| Employer's pension contribution - Defined contributions | 308 | 287 |
| Total salary and staff costs | 4,494 | 4,180 |

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

| | 2016 No. | 2016 £000s | 2015 No. | 2015 £000s |
|--------------------------|-------------|---------------|-------------|---------------|
| Total staff costs | 78 | 4,494 | 76 | 4,180 |

During the year total remuneration in relation to key management personnel totalled £982k (2015: £871k)

Notes to the financial statements (continued)

5 Directors' remuneration included in staff costs above

| | 2016 £000s | 2015 £000s |
|--------------------------------------------------------------------------------|---------------|---------------|
| Highest paid director | | |
| Total remuneration | 250 | 246 |
| Total directors' remuneration | | |
| Directors' gross salary | 224 | 221 |
| Directors' pension contribution | 22 | 21 |
| Directors' benefits | 4 | 4 |
| Directors' fees | 132 | 118 |
| Total directors' remuneration | 382 | 364 |
| | 2016 | 2015 |
| | No. | No. |
| The number of directors accruing benefits under money purchase pension schemes | 1 | 1 |

6 Taxation

| | 2016 £000s | 2015 £000s |
|-----------------------------------------------------------|---------------|---------------|
| 6a Current tax: | | |
| UK corporation tax on surplus for the year | 221 | 103 |
| Foreign taxation | - | 2 |
| Adjustments in respect of prior periods | (35) | (90) |
| Total current tax | 186 | 15 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (278) | 1,141 |
| Adjustments in respect of prior periods | 9 | 23 |
| Adjustments in relation to defined benefit pension scheme | 72 | 97 |
| Effect of tax rate change on opening balance | (231) | - |
| Total deferred tax | (428) | 1,261 |
| Tax on operating surplus | (242) | 1,276 |

ABTA Ltd Financial Statements for the year ended 30 June 2016

Notes to the financial statements (continued)

6 Taxation (continued)

6b Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.75%).

| The differences are explained below: | 2016 £000s | 2015 £000s |
|--------------------------------------------------------------------------------------------------|---------------|---------------|
| Surplus before tax | 74 | 5,096 |
| Surplus multiplied by the effective rate of corporation tax in the UK of 20 % (2015 – 20.75%) | 15 | 1,057 |
| Effects of: | | |
| Income not taxable for tax purposes | (145) | (176) |
| Tax apportioned on CFC profits | 145 | 167 |
| Expenses not deductible for tax purposes | (5) | 199 |
| Adjustments in relation to defined benefit pension scheme | 72 | 97 |
| Adjustments to deferred tax not recognised | (298) | (3) |
| Foreign tax credits | - | 2 |
| Prior year adjustments | (26) | (67) |
| Current tax charge for year (note 6(a)) | (242) | 1,276 |

The taxation charge in respect of the ABTA retail fund and the principals' fund as shown in note 14 is included above

7 Intangible fixed assets

| Computer Software | Company £000s | Group £000s |
|------------------------|------------------|----------------|
| Cost: | | |
| At 1 July 2015 | 992 | 1,369 |
| Additions | 160 | 160 |
| At 30 June 2016 | 1,152 | 1,529 |
| Depreciation: | | |
| At 1 July 2015 | 600 | 902 |
| Charge for year | 216 | 291 |
| At 30 June 2016 | 816 | 1,193 |
| Net book value: | | |
| At 30 June 2016 | 336 | 336 |
| At 30 June 2015 | 392 | 467 |

Notes to the financial statements (continued)

8 Tangible fixed assets

| | Freehold Investment Property At valuation | Leasehold improvements | Furniture and office equipment | Total |
|---------------------------|-------------------------------------------------|---------------------------|--------------------------------------|---------|
| Group | £000s | £000s | £000s | £000s |
| Cost or valuation: | | | | |
| At 1 July 2015 | 18,350 | 345 | 467 | 19,161 |
| Additions | - | - | 27 | 27 |
| Disposals | - | - | (11) | (11) |
| Revaluation | (1,350) | - | - | (1,350) |
| At 30 June 2016 | 17,000 | 345 | 483 | 17,828 |
| Depreciation: | | | | |
| At 1 July 2015 | - | 236 | 343 | 589 |
| Charge for year | - | 36 | 54 | 90 |
| Disposals | - | - | (11) | (11) |
| At 30 June 2016 | - | 272 | 386 | 658 |
| Net book value: | | | | |
| At 30 June 2016 | 17,000 | 73 | 97 | 17,170 |
| At 30 June 2015 | 18,350 | 109 | 122 | 18,582 |

| Tangible fixed assets | Freehold Investment Property At valuation | Leasehold improvements | Furniture and office equipment | Total |
|---------------------------|-------------------------------------------------|---------------------------|--------------------------------------|---------|
| Company | £000s | £000s | £000s | £000s |
| Cost or valuation: | | | | |
| At 1 July 2015 | 18,350 | 345 | 467 | 19,161 |
| Additions | - | - | 27 | 27 |
| Disposals | - | - | (11) | (11) |
| Revaluation | (1,350) | - | - | (1,350) |
| At 30 June 2016 | 17,000 | 345 | 483 | 17,828 |
| Depreciation: | | | | |
| At 1 July 2015 | - | 236 | 343 | 589 |
| Charge for year | - | 36 | 54 | 90 |
| Disposals | - | - | (11) | (11) |
| At 30 June 2016 | - | 272 | 386 | 658 |
| Net book value: | | | | |
| At 30 June 2016 | 17,000 | 73 | 97 | 17,170 |
| At 30 June 2015 | 18,350 | 109 | 122 | 18,582 |

Following ABTA's relocation to leasehold premises in 2009, ABTA's former freehold offices in Newman Street London W1, were fully let on a 10 year lease. Accordingly the property is classified as an investment property.

The freehold interest in the property was independently valued as at 30 June 2016 by Savills (UK) Limited, acting in the capacity of External valuers. The valuation is in accordance with the requirements of FRS 102 and the RICS Valuation – Professional Standards, January 2014 edition and the International Valuation Standards (IVS). The valuation of the property was on the basis of Market Value on the assumption that the property would be sold subject to and with the benefit of the existing lease. The valuers reported that the Market Value of the property was £17million as at the date of valuation. The valuation was arrived at predominantly by reference to market evidence for comparable property.

ABTA Ltd Financial Statements for the year ended 30 June 2016

Notes to the financial statements (continued)

9 Fixed Asset Investments

| Investment in insurance cell in Lime Street Insurance PCC Ltd | Group |
|---------------------------------------------------------------|-------|
| | £000s |
| Investment at cost at 1 July 2015 and 30 June 2016 | 125 |

| Investment in subsidiary undertakings | Company |
|---------------------------------------|---------|
| | £000s |
| Shares at cost on 1 July 2015 | 1,560 |
| Additions (see note 14) | 544 |
| Shares at cost on 30 June 2016 | 2,104 |

The investment in subsidiary undertakings represents the following:

| Subsidiary | Principal activity | Country of incorporation | Class and % of shares held | Cost of investment |
|----------------------------------------|---------------------------------------------------------------|--------------------------|----------------------------|--------------------|
| ABTA Insurance PCC Limited | Primary and shortfall insurance arrangements for ABTA members | Guernsey | Ordinary 100% | 1,560 |
| | | | Redeemable 100% | 544 |
| Travelife Limited | Promotion of best practice in tourism | United Kingdom | Ordinary 100% | - |
| ABTASURE Limited | Dormant | United Kingdom | Ordinary 100% | - |
| Federation of Tour Operators Limited | Dormant | United Kingdom | Sole guarantor | - |
| International Tourism Services Limited | Non-trading | United Kingdom | Sole guarantor | - |
| Total cost of investments | | | | 2,104 |

As at 30 June 2016 the total share capital of ABTA Insurance PCC Limited was £13,197k made up as follows:

| | |
|----------------------------------------------------|---------------|
| | 2016 |
| | £000s |
| Ordinary shares of £1 subscribed by ABTA Ltd | 1,560 |
| Amounts capitalised out of distributable reserves: | |
| Ordinary shares of £1 each | - |
| Redeemable shares of £1,000 each | 6,000 |
| Redeemable shares of £1,289 each | 5,093 |
| Redeemable shares of £1 each | 544 |
| Total | 13,197 |

Notes to the financial statements (continued)

10 Debtors: amounts falling due within one year

| | Company 2016 £000s | Company 2015 £000s | Group 2016 £000s | Group 2015 £000s |
|--------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Other debtors | 657 | 676 | 736 | 1,006 |
| Prepayments and accrued income | 253 | 314 | 359 | 424 |
| Total | 910 | 990 | 1,095 | 1,430 |

Debtors: amounts falling due after one year

| | Company 2016 £000s | Company 2015 £000s | Group 2016 £000s | Group 2015 £000s |
|----------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Due from subsidiary undertakings | 1,429 | 1,474 | - | - |
| Total | 1,429 | 1,474 | - | - |

11 Investments

| | Market Value 2016 £000s | Market Value 2015 £000s |
|----------------------------|-------------------------------|-------------------------------|
| Held by: | | |
| ABTA Limited | 4,518 | 3,907 |
| ABTA Insurance PCC Limited | 19,391 | 18,892 |
| Group | 23,909 | 22,799 |

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

12 Creditors: amounts falling due within one year

| | Company 2016 £000s | Company 2015 £000s | Group 2016 £000s | Group 2015 £000s |
|---------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Due to subsidiary undertakings | 1 | 1 | - | - |
| Other creditors | 313 | 447 | 355 | 556 |
| Corporation tax | 214 | 103 | 214 | 103 |
| Other taxes and social security | 125 | 107 | 125 | 107 |
| Accruals | 550 | 574 | 594 | 604 |
| Deferred income | 422 | 415 | 1,118 | 877 |
| Total | 1,625 | 1,647 | 2,406 | 2,247 |

| | Company 2016 £000s | Company 2015 £000s | Group 2016 £000s | Group 2015 £000s |
|-----------------------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Creditors: amounts falling due after one year | | | | |
| Other creditors | - | - | 129 | 126 |
| Total | - | - | 129 | 126 |

Notes to the financial statements (continued)

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

The company has contracted to pay £400k to the software development supplier of the Travelling Sustainability System which became fully operational shortly before the start of the 2011/12 financial year. £100k was paid during the year ended 30 June 2011, £50k was paid during the years ended 30 June 2014, 2015 and 2016.

The remaining balance becomes payable once the company is trading profitably, the payments are calculated as a proportion of those profits. Accordingly, the deferred consideration has been discounted to its present value of £129k of which £50k is disclosed within amounts falling due within one year (2015: £176k).

Should the company cease to use the Travelling Sustainability System the balance of any consideration would become fully payable.

13 Provisions for liabilities

| | Company 2016 £000s | Company 2015 £000s | Group 2016 £000s | Group 2015 £000s |
|-----------------------------------------------|--------------------------|--------------------------|------------------------|------------------------|
| 13a Deferred Taxation | | | | |
| At 1 July | 1,586 | 423 | 1,586 | 423 |
| Transfer to Statement of Comprehensive Income | (663) | 1,163 | (663) | 1,163 |
| Balance at 30 June | 923 | 1,586 | 923 | 1,586 |

The provision for deferred taxation has been calculated based on a composite corporation tax rate of 18% (2015: 20%).

13b Loss provision on insurance activities

In the opinion of the directors, the loss provision, which should be recognised in the financial statements amounts to £52k as at June 2016 (2015: £nil). The provision represents a prudent estimate of the future potential liabilities of the group in respect of claims. These claims are subject to inherent uncertainties and the ultimate cost of the claims may differ.

The table below presents the cumulative claims and payments for each open policy year. The table reconciles the total liability recognised in the balance sheet. As there is no reinsurance, no net position has been separately disclosed.

| | 2012 £000s | 2013 £000s | 2014 £000s | 2015 £000s | 2016 £000s |
|-----------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| At 12 month stage | 460 | 831 | 621 | 129 | 125 |
| At 24 months | 213 | 804 | 351 | 142 | - |
| At 36 Months | 213 | 804 | 351 | - | - |
| At 48 Months | 213 | 804 | - | - | - |
| At 60 months | 213 | - | - | - | - |
| Paid to date | (213) | (804) | (351) | (142) | (73) |
| Outstanding at 30 June 2016 | - | - | - | - | 52 |
| Improvement/ (deterioration) from 12 month stage | 247 | 26 | 270 | (12) | - |

Notes to the financial statements (continued)

13 Provisions for liabilities (continued)

Financial Risk Management

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

14 Retail and Principals' Fund

These funds were established under ABTA's Articles and are restricted in their use.

Claims payable on failures represent discretionary amounts agreed by the Retail Fund Committee in respect of member failures which fall outside of ABTA's scheme of financial protection. In September 2015, the monies from the fund were invested in the Retail Contingent Fund cell in ABTA Insurance PCC limited (AIPCC) see note 9. An insurance policy was written with the AIPCC to deal with any claims relating to the fund. In the year to 30 June 2016 claims of £6k were paid (2015: nil).

15 Net pension liabilities

ABTA has a funded pension scheme to provide retirement and death benefits for eligible employees, which is a defined benefit pension scheme. The scheme has been closed to new members with effect from 1 July 2003 and was closed to future accrual on 28 February 2011.

Contributions

In the year ended 30 June 2016, ABTA made contributions of £524k (2015: £524k) towards the deficit.

Actuarial valuation at 1 July 2015

The latest actuarial valuation of the scheme, carried out by the scheme's independent professionally qualified actuary, was at 1 July 2015 and was carried out using the scheme's technical provisions as required by the Pensions Act 2004.

At that date, based on the assumptions underlying the calculation of the scheme's technical provisions, assets were sufficient to cover 89% of the Scheme's liabilities leaving a deficit of £2,303k. A summary of the method assumptions used by the Scheme's qualified actuary were as follows:

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

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

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

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

Notes to the financial statements (continued)

15 Net pension liabilities (continued)

Valuation assumptions

ABTA's appointed actuary for the purposes of carrying out the valuation at 30 June 2016 in accordance with Financial Reporting Standard 102, section 28 adopted the following major assumptions:

| | 30 June 2016 | 30 June 2015 |
|------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| Rate of increase in salaries | 3.7% pa | 4.1% pa |
| Rate of increase in pensions in payment | 3.1% - 5.0% pa | 3.4% - 5.0% pa |
| Rate used to discount scheme liabilities | 3.0% pa | 3.8% pa |
| Inflation assumption | 3.2% pa | 3.6% pa |
| Base mortality table | S2PMA/S2PFA | S2PMA/S2PFA |
| Mortality projection basis | CMI (2015) projection model with a long term rate of 1% pa | CMI (2014) projection model with a long term rate of 1% pa |

| Major categories of plan assets as a percentage of total scheme assets | 30 June 2016 | 30 June 2015 |
|------------------------------------------------------------------------|--------------|--------------|
| UK & overseas equity funds | 48% | 49% |
| Fixed Interest funds | 52% | 51% |
| Cash | 0 | 0% |

| Balance Sheet | 30 June 2016 | 30 June 2015 |
|----------------------------------|--------------|--------------|
| | £000s | £000s |
| Fair value of scheme assets | 22,340 | 20,423 |
| Defined benefit obligation (DBO) | (27,200) | (23,982) |
| Deficit | (4,860) | (3,559) |
| Funding level | 82% | 85% |

| Analysis of the amount charged to net pension financing costs | 30 June 2016 | 30 June 2015 |
|---------------------------------------------------------------|--------------|--------------|
| | £000s | £000s |
| Expected return on pension scheme assets | (778) | (824) |
| Interest on pension scheme liabilities | 903 | 941 |
| Total pension financing cost | 125 | 117 |
| Total charge to income and expenditure account | 125 | 117 |

| Analysis of the amount recognised in the other comprehensive income | 30 June 2016 | 30 June 2015 |
|-----------------------------------------------------------------------------|--------------|--------------|
| | £000s | £000s |
| Actual return less expected return on pension scheme assets | 1,063 | 382 |
| Experience gains arising on the scheme liabilities | 245 | 471 |
| Changes in assumptions underlying the present value of the same liabilities | (3,008) | (1,952) |
| Actuarial loss recognised in other comprehensive income | (1,700) | (1,099) |

| Analysis of changes in the present value of defined benefit obligation (DBO) | 30 June 2016 | 30 June 2015 |
|------------------------------------------------------------------------------|--------------|--------------|
| | £000s | £000s |
| Opening defined benefit obligation | 23,982 | 22,094 |
| Interest cost | 903 | 941 |
| Actuarial experience gains | (245) | (471) |
| Change in actuarial assumptions | 3,008 | 1,835 |
| Benefits paid | (448) | (417) |
| Closing defined benefit obligation | 27,200 | 23,982 |

Notes to the financial statements (continued)

15 Net pension liabilities (continued)

| Analysis of changes in the fair value of assets | 30 June 2016 | 30 June 2015 |
|-------------------------------------------------|--------------|--------------|
| | £000s | £000s |
| Opening fair value of assets | 20,423 | 19,110 |
| Expected return | 778 | 824 |
| Employer's contribution | 524 | 524 |
| Actuarial experience gains | 1,063 | 382 |
| Benefits paid | (448) | (417) |
| Closing fair value of assets | 22,340 | 20,423 |

| Amounts for the current & previous four periods | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------------------------------|----------|----------|----------|----------|----------|
| | £000s | £000s | £000s | £000s | £000s |
| Fair value of scheme assets | 22,340 | 20,423 | 19,110 | 15,413 | 13,863 |
| Defined benefit obligation | (27,200) | (23,982) | (22,094) | (17,191) | (17,332) |
| (Shortfall) | (4,860) | (3,559) | (2,984) | (1,778) | (3,469) |
| Experience adjustment on assets | 1,063 | 382 | 225 | 624 | (123) |
| Experience adjustment on DBO | 245 | 471 | - | - | 297 |

| Projected amount charged to the profit and loss account for 2016-17 | 30 June 2017 |
|---------------------------------------------------------------------|--------------|
| | £000s |
| Expected return on assets | 668 |
| Interest cost | (806) |
| Total charge to income and expenditure | (138) |

| Projected deficit for year ending 30 June 2017 | 30 June 2017 |
|------------------------------------------------|--------------|
| | £000s |
| Opening deficit | (4,860) |
| Expected charge to income and expenditure | (138) |
| Expected Employer contributions | 524 |
| Projected deficit | (4,474) |

Sensitivity Analysis

Increase/decrease discount rate by 0.5% pa
 Increase/decrease assumed rate of future inflation by 0.5% pa

Change to DBO

-10% / +11%
 +4% / -4%

16 Related Party Transactions

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

Notes to the financial statements (continued)

17 Financial Commitments

Non-cancellable operating lease rentals are payable as follows:

| | 2016 Land & Buildings £000s | 2016 Other £000s | 2015 Land & Buildings £000s | 2015 Other £000s |
|-----------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|
| Not later than 1 year | 461 | 14 | 461 | 14 |
| Within 2 to 5 years | 1,076 | 19 | 1,537 | 33 |
| Total | 1,537 | 33 | 1,998 | 47 |

18 Members' failures

Where appropriate, ABTA administers claims in respect of the failure of its members by calling in bonds where they are required to be provided and/or by claiming on ABTA's indemnity shortfall insurance policies. ABTA has, in the past, borne the cost of members' failures conducting Retail Activities which were in excess of Bonds and the insurance indemnity shortfall policy.

During the financial year ended 30 June 2016, ABTA dealt with claims in respect of ABTA members as follows:

| | 2016 £000s | 2015 £000s |
|----------------------------------------------------|---------------|---------------|
| Failure of Members conducting Principal activities | - | 575 |
| Failure of Members conducting Retail activities | (55) | 351 |
| Total claims | (55) | 926 |

| | 2016 | 2015 |
|-----------------------------------------------------------------------|----------|-----------|
| The number of ABTA members who failed during the year was as follows: | | |
| Failure of Members conducting Principal activities | 2 | 4 |
| Failure of Members conducting Retail activities | 2 | 6 |
| Total failures | 4 | 10 |

19 Monies held on behalf of third parties

Failures

ABTA acts as trustee for the funds called in respect of failed members, which are held in separate designated accounts and are not reflected in ABTA's balance sheet. At 30 June 2016 ABTA was responsible for funds totalling £45k (2015: £497k). These sums represent funds called in and not yet distributed, together with accumulated interest.

Pipeline monies

ABTA holds as trustee certain funds relating to failed Tour Operators ("pipeline monies"). ABTA having obtained legal advice releases to income and expenditure account residual funds received more than 6 years ago.

ABTA continues to hold as trustee pipeline monies received during the last six years. At 30 June 2016 these funds totalling £4k (2015: £12k) are held in separately designated accounts and are not reflected in the balance sheet of ABTA.

Fines

Under ABTA's Articles of Association, members who appeal against fines levied by ABTA are required to pay the fine prior to the hearing of the Appeal Board. These funds are returned if the appeal is successful. As at 30 June 2016 there were £nil funds (2015: £nil) held by ABTA and representing balances held pending hearing of the appeals. Where there are funds held, they are not reflected in ABTA's balance sheet.

Notes to the financial statements (continued)

19 Monies held on behalf of third parties (continued)

Single Payment Scheme

ABTA acts as a trustee for the monies paid by members conducting retail activities to members conducting activities as a principal through the ABTA Single Payment Scheme. As at 30 June 2016 the balance held in the scheme was £nil (2015: £nil) and is not reflected in ABTA's balance sheet.

20 Transition to FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows:

| | |
|---------------------------------------------------------------------------------|---------------|
| Reconciliation of Group reserves at 1 July 2014 | £000s |
| Group reserves at 1 July 2014 under previous UK GAAP | 35,560 |
| Deferred tax liability in relation to investment property | (1,021) |
| Fair value measurement of fixed asset investments | 197 |
| Deferred tax liability in relation to fixed asset investments | (4) |
| Group reserves at 1 July 2014 under FRS 102 | 34,731 |
| <hr/> | |
| Reconciliation of total comprehensive income for the ended 30 June 2015 | £000s |
| Total Comprehensive Income for the year under UK GAAP | 4,084 |
| Adjustment to deferred tax liability in relation to Investment Property | (1,150) |
| Adjustment in relation to fair value measurement of fixed asset investments | (30) |
| Total Comprehensive Income for the year ended 30 June 2015 under FRS 102 | 2,904 |
| <hr/> | |

Notes to the financial statements (continued)

20 Transition to FRS 102 (continued)

Reconciliation of Company reserves at 1 July 2014
£000s

| | |
|---------------------------------------------------------------|---------------|
| Company reserves at 1 July 2014 under previous UK GAAP | 19,673 |
| Deferred tax liability in relation to Investment Property | (1,021) |
| Fair value measurement of fixed asset investments | 21 |
| Deferred tax liability in relation to fixed asset investments | (4) |
| Company reserves at 1 July 2014 under FRS 102 | 18,669 |

| | |
|---------------------------------------------------------------------------------|--------------|
| Reconciliation of total comprehensive income for the ended 30 June 2015 | £000s |
| Total Comprehensive Income for the year under UK GAAP | 3,684 |
| Adjustment to deferred tax liability in relation to Investment Property | (1,150) |
| Adjustment in relation to fair value measurement of fixed asset investments | 8 |
| Adjustment to deferred tax liability in relation to fixed asset investments | (1) |
| Total Comprehensive Income for the year ended 30 June 2015 under FRS 102 | 2,541 |

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 Changes in the fair value of investment properties are recorded in the Statement of Comprehensive Income whereas under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses.
- 2 Under FRS 102, investments held with financial institutions are classified as basic financial instruments and are measured at fair value at the end of the reporting period with the resulting changes recognised in Statement of Comprehensive Income.
- 3 There is a presentation change under FRS 102 whereby net interest on the net defined benefit pension liability is presented in the profit and loss account using the liability discount rate. Under previous UK GAAP the interest on the expected return on net assets was calculated using an expected asset return discount rate. This had no impact on reserves but affects the allocation of interest between the income statement and other comprehensive income.
- 4 Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognised on all fair value measurements.