



## ABTA MEMBERSHIP

Thank you for your interest in membership of the Association of British Travel Agents. Currently almost 7,000 travel agent and tour operator offices have chosen to be ABTA Members. Being part of the largest travel trade organisation in the UK sends strong signals to your customers, telling them that your business is committed to high standards and practices, and that their money is protected. It also tells other industry suppliers about the strength of your business. ABTA membership also gives you access to a wide range of [ABTA services](#).

Please note that if you are not engaged in [retail business](#) transacted in the capacity of a travel agent and/or [principal business](#) transacted in the capacity of a tour operator, you may wish to seek membership of our business-to-business scheme, the [Travel Industry Partner](#) scheme.

Below there are a number of the most frequently-asked questions about membership of ABTA, together with their answers. A [glossary](#) is available to explain some of the terms used. If you cannot find the information you are looking for, please go to [Who to Contact](#).

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### Frequently Asked Questions

#### **Eligibility**

#### **What kinds of businesses can join ABTA?**

Membership of ABTA is open to companies or firms selling in the British Isles or Republic of Ireland that are engaged in [retail business](#) (i.e. acting as a travel agent) and/or engaged in [principal business](#) (i.e. acting as a tour operator), and that meet ABTA's [membership requirements](#).

#### **Must my company be incorporated in the British Isles?**

No, but accounts of overseas companies or firms must comply, as far as possible, with the United Kingdom Companies Acts and must be presented in English.

**My business has both retail activity and activity as a principal. Do I need to make two separate applications to join?**

ABTA has one class of membership and you only need make one application to join the Association. Our [membership requirements](#), however, recognise the difference between the two activities, and you will need to provide information about both activities in your application. On being granted membership, you will be allocated two ABTA numbers – one for your retail activity and one for your activity as a principal.

**My business is acting as a principal. If I have an ATOL, do I also need to join ABTA?**

An [ATOL](#) will only cover the sale of travel arrangements that include air transportation (that is, your [licensable](#) business). If you are acting as a principal and offering travel arrangements that do not include air transportation ([non-licensable](#) business), you are still required by law to protect your clients' money.

**My business fits ABTA's definition of a retailer, but I do not have a shop. Can I still join ABTA?**

Yes. The important thing is not how you distribute your services, but what those services are. Whether your business is a call centre, internet-based, or a traditional high-street shop or office, provided you meet our criteria you can join ABTA.

**I will be conducting my business from my home. Is this acceptable to ABTA?**

Yes, but you will need to submit with your application evidence of planning permission to use your home for this purpose.

**I am in the process of setting up my business. Can I join ABTA now?**

You can apply to join ABTA now, but membership cannot be granted until your business has commenced trading.

**Do I have to join ABTA?**

Membership of ABTA is not compulsory, but there are distinct advantages to companies choosing to join the Association. Membership of ABTA sends a strong signal to your customers: it tells them that your business is committed to certain standards and practices, and that their money is protected. Membership of ABTA also sends a strong signal to other industry suppliers. Other advantages include recognition within the industry and a wide range of Member services and other benefits.

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**[Membership Requirements](#)**

## **What are ABTA's membership requirements?**

Businesses applying to join ABTA must meet the Association's membership requirements. There are four main requirements, which are designed to ensure that Members are financially stable and operate to high professional standards. The requirements are as follows: [financial requirements](#); [bonding requirements](#); [staffing requirements](#); and a requirement to adhere to ABTA's [Memorandum and Articles of Association](#) and [Code of Conduct](#).

## **Why do ABTA's membership requirements appear to be so strict?**

A central part of ABTA's role is to reassure the public that their money is safe with ABTA's Members. In order to do this, we need to safeguard the Association's assets and maintain the highest professional standards. With a few exceptions, nothing that we require of our Members goes beyond normal good practice for an efficient and profitable business.

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## **Financial Requirements**

### **What are the financial requirements for ABTA membership?**

All applicants must demonstrate minimum paid-up share capital or proprietor's/partners' capital of at least £50,000. There must also be net assets of at least £50,000 excluding intangibles. [Retail](#) Members must have at least £15,000 working capital (i.e. net recoverable current assets). [Principal](#) Members whose [non-licensable turnover](#) represents more than 30% of their total turnover or is in excess of £500,000 must have working capital equal to at least 4% of their total turnover as a principal. For Members with both retail and non-licensable principal business, the working capital requirement is £15,000 or 4% of total turnover, whichever is the greater. Current assets pledged as security for bonds or otherwise will be disallowed when arriving at the working capital position, as will overdrawn directors' loan accounts, debtor balances falling due after one year and amounts due from connected undertakings which have not arisen in the course of [arm's-length trading](#). You will also need to provide us with a [bond](#). If you need any assistance or further explanation of these matters, please contact us. Contact details can be found in [Further Questions](#) at the end of this document.

### **Is a share premium account classed as share capital?**

Yes. If shares are issued at a premium, the resulting share premium account will be treated as share capital for our purposes.

### **Are redeemable shares acceptable?**

Yes, but you will be required to give an undertaking not to redeem any shares without giving 12 months' prior notice and receiving the Association's written consent.

## **Are loans from directors or parent companies acceptable in lieu of share capital?**

No. Loans are always treated as liabilities and not as additions to capital and reserves.

## **How do I demonstrate that my business meets your financial requirements?**

You will need to submit information about your business as part of your application to join the Association. This will include recently-audited accounts or an opening balance sheet as at the commencement of trade. Projections showing the anticipated position at the end of the current year's trading are also required. Details are contained in the [Membership Pack](#). Once you have been admitted to membership, you must supply management accounts made up to a date not later than six months after admission, to be submitted within 30 days after that date (if a retail business) and 60 days after that date (if a principal business).

## **What information will I have to supply once I have joined ABTA?**

You will be required to submit audited accounts annually, within six months of your year end, in accordance with the [Accounts Rules](#). You will also be required to supply quarterly [turnover statements](#). On admission to membership, you will be allocated a Financial Liaison Officer who is available to help you with any queries. We also supply forms to help you or your accountant with this reporting. These can be found on our website at [www.abtamembers.org/accforms/index.htm](http://www.abtamembers.org/accforms/index.htm)

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## **Bonding Requirements**

### **Why do I need to bond my business?**

If you are acting as a [principal](#), you are required by law (the [EC Directive on Package Travel \(The Package Travel, Package Holidays and Package Tour Regulations 1992-SI 3288/1992\)](#)) to have in place financial protection for your customers. All your [licensable](#) activity must be bonded with the Civil Aviation Authority ([CAA](#)). For ABTA membership, a bond must be provided in favour of ABTA for all [non-licensable](#) activity. If you are acting as a [retailer](#), it is a condition of ABTA membership that you protect your clients' money. It is this scheme of financial protection that gives consumers the confidence to book with an ABTA Member.

### **What are ABTA's bonding requirements for businesses with retail activity?**

A [bond](#) must be provided in favour of ABTA. Bonding rates are set by the Association and are subject to review. Currently, a new Member conducting retail business will be required to provide a bond in respect of that business at the following rates on the annual rate of [Applicable Risk Turnover](#) (ART).

Applicable Risk Turnover  
£1,000,000 or less

Bond Required  
£37,500 minimum amount

£1,000,001 to £2,000,000	£37,500 plus 3% x ART excess over £1m
£2,000,001 to £5,000,000	£67,500 plus 4.5% x ART excess over £2m
Over £5,000,000	£202,500 plus 2.25% x ART excess over £5m

The rates are cumulative. Thus a Member with an Applicable Risk Turnover of £2,500,000 and no deficit would be bonded as follows:

	Rate	Bond
Up to £1,000,000		£37,500
£1,000,001 to £2,000,000	3%	£30,000
£2,000,001 to £2,500,000	4.5%	£22,250
Total bond		£89,750

### **What are ABTA's bonding requirements for applicants with principal activity?**

All your [licensable](#) activity must be bonded with the Civil Aviation Authority ([CAA](#)). For ABTA membership, a bond must be provided in favour of ABTA for all [non-licensable](#) activity. This is normally for 15% of gross [turnover](#), with a minimum of £20,000, although higher bonding levels will apply if turnover is concentrated in a single quarter of the year or if there is a pattern of abnormally early collection of deposit/balance payment. The turnover on which the bond is based is the projected gross turnover for the current year or the audited turnover for the preceding year, if greater. If [breakage deposits](#) are charged, these must be bonded at 50% of the total collected. We will tell you what bond we require once you have provided us with the necessary turnover and other information.

### **If I have a bond with the CAA and a bond with ABTA, does this mean double the paperwork?**

Not necessarily. Wherever possible ABTA and the CAA share documents and procedures, which means that you do not need to duplicate your paperwork.

### **How do I know what level of bond to provide?**

In order to establish the exact bonding required, all applicants conducting non-licensable activities are required to supply a completed form of application for authorisation of non-licensable activities with monthly breakdown of projected turnover. The appropriate form will be sent on receipt of your application, if non-licensable turnover is indicated. If you are conducting retail activities, your bond will be calculated by us according to the amount of your relevant turnover.

### **Do I need to obtain my bond before I apply to join ABTA?**

No, applicants are not required to provide a bond until they have been notified that their application has been approved.

### **Does it matter where I get my bond from?**

Yes. ABTA will only accept bonds from authorised providers ([bond obligors](#)).

## **Can you provide me with a list of companies that provide bonds?**

You can find a list of companies from which ABTA will accept bonds by [clicking here](#).

## **How much will I have to pay for a bond?**

This is a matter between you and the bond obligor. The amount you pay will depend on the financial stability of your company and on the way the bond obligor structures their offer. It is likely to take the form of a set fee or a percentage of the total value of the bond.

## **Do I have to obtain a bond, or can I provide ABTA with some other form of financial protection?**

We require all new ABTA Members to provide us with a bond, and cannot accept any other form of financial protection. Established Members with retail activity have access to the [Travel Agents' Bond Replacement Scheme](#) (TABRS), which is an alternative to bonding. Full entry into the scheme is only available to Members who have been in membership for three full years. However, all retail Members are required to make a partial entry to the scheme. The current rates of contributions are £200 for each Head Office (plus 5% Insurance Premium Tax), plus £17.50 for each additional branch (plus 5% Insurance Premium Tax). Members conducting non-licensable principal business must contribute to the premium for the Association's [non-licensable shortfall insurance policy](#). The minimum contribution (2004) for new Members is £450 (plus 5% Insurance Premium Tax). We may, on rare occasions, ask you to provide other forms of security in addition to or instead of a bond.

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## **Staffing Requirements**

### **What are ABTA's staffing requirements?**

If you are engaged in retail activity, you need at least one qualified member of staff at each office. If you are engaged solely in activity as a principal, this requirement does not apply. If your business is selling or advising on the sale of [travel insurance](#), there are additional staffing requirements.

### **What is ABTA's definition of qualified?**

To be considered as qualified, the person concerned must within five years prior to any point of time during their employment have had:

- (i) at least two years' relevant practical experience; or
- (ii) at least 18 months' such experience, plus the Certificate of Travel Agency Competence (COTAC) Level I (General Section only) or the ABTA Travel Agents Certificate (ABTAC) Primary level; or
- (iii) at least one year's such experience plus COTAC Level II (General Section only) or ABTAC (Advanced Level).

You will need to submit copies of your staff qualification certificates with your application to join the Association.

### **And what is ABTA's definition of relevant practical experience?**

Experience will not be considered relevant unless it has been of a nature that the average travel agent would expect to acquire in the course of running a non-specialist travel agency, that is, the full range of foreign package tours.

### **How can I find out more about COTAC and ABTAC?**

It is no longer possible to take the COTAC examinations as these were superseded by ABTAC on 1 January 1995. You can find further information on the TTC Training website, at [www.ttctraining.co.uk/abtac.html](http://www.ttctraining.co.uk/abtac.html)

### **My business sells travel insurance. What staffing requirements are there for this activity?**

With effect from 30 September 2005, every employee selling or giving advice about travel insurance must be qualified to Level One of the ABTA and City & Guilds travel insurance training programme, and at least one employee in each office selling travel insurance must be qualified to Level 2. For information about this qualification, visit [www.ttctraining.co.uk/abtaitp.html](http://www.ttctraining.co.uk/abtaitp.html)

### **I am the owner of the business. Do I need to have any travel qualifications or experience?**

No. Provided your business meets our staffing requirements, you do not have to have travel qualifications or experience yourself.

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## **Membership Costs**

### **What are the costs of membership?**

Businesses applying to join the Association must pay a one-off [registration fee](#) and, on joining, [an entrance fee](#). Annual [subscriptions](#) are payable to ABTA on joining and thereafter on 1 July each year. Subscriptions are based on turnover. Currently, the basic annual subscription is £540. In addition to your annual membership subscription, you will need to provide us with a [bond](#) or other acceptable form of financial protection. Once you are in membership, you will also be required to contribute to the [Travel Agents' Bond Replacement Scheme](#) (TABRS) if you are conducting business as a retailer, and to the [non-licensable shortfall insurance](#) premium if you are conducting non-licensable principal business. Details of fees and subscriptions are below.

### **How much is the registration fee?**



The registration fee is £387.75 (£330 plus VAT). This must be submitted with your application form and is non-refundable.

### **How much is the entrance fee?**

The entrance fee is £1,175.00 (£1,000 plus VAT), with effect from 1 July 2005 the entrance fee will be £1,410.00 (£1,200 plus VAT). This is payable once an offer of membership has been made and is a one-off payment.

### **Subscriptions**

The annual subscription is payable once an offer of membership has been made. The amount is dependent on your business activity, as follows:

Basic subscription	£540	For turnover of retail business up to and including £500,000 per annum, and turnover of principal business up to and including £200,000.
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Plus

- (a) £7.55 for each £100,000 or part thereof of retail business turnover in excess of £500,000, subject to (b) below
- (b) £2.25 for each £100,000 or part thereof of retail business turnover in respect of the following
  - i Sales of rail tickets issued under an ATOC\* agency appointment and accounted for under the [ATOC Rail Settlement Plan](#). (\*ATOC or its successor(s) or assignee(s).)
  - ii Sales of air tickets issued under an IATA passenger agency appointment and accounted for under the [IATA Billing and Settlement Plan](#).
  - iii Sales of scheduled stage fare bus and coach tickets within the British Isles.
  - iv Retail consolidator turnover – i.e. sales of air tickets direct to the public under a scheduled bonded or agency [ATOL](#).
- (c) £24.90 for each £100,000 or part thereof of principal business turnover in excess of £200,000 subject to (d) below.
- (d) £7.55 for each £100,000 or part thereof of scheduled bonded or agency ATOL turnover other than turnover defined as retail consolidator turnover in (b) (iv) above.

### **Is VAT payable on subscriptions and fees?**

All fees are subject to VAT at 17.5%, except for companies in the Channel Islands, the Irish Republic, and overseas.

### **Do I have to pay the full annual subscription if I join the Association part of the way through the membership year?**

The membership year begins on 1 July. Where admission to membership takes place between 1 July and 31 December, a full year's subscription is payable. When



admission to membership takes place between 1 January and 30 June, half a year's subscription is payable.

### **How do I pay my annual subscription?**

You must pay by direct debit. A direct debit authority form is included in the Membership Pack. You will need to submit this with your application.

### **Can I pay my annual subscription in instalments?**

No. Payment is due in full on 1 July each year.

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## **Applications**

### **I would like to apply to join ABTA. What do I need to do?**

You can request a Membership Pack from David Parish ([dparish@abta.co.uk](mailto:dparish@abta.co.uk)) on 020 7307 1917 or 07860 630993.

### **I am in the process of completing my application to join ABTA, and have some queries. What should I do?**

You will find many of the answers to your questions in the Membership Information booklet that was sent to you as part of your Membership Pack. If you still have questions after consulting this booklet, please contact David Parish, as above.

### **How long will it take for my application to be processed?**

Your application will be acknowledged on receipt and you will be informed of the outcome in due course. It normally takes six to eight weeks to process applications from the date we receive them. Please note that incomplete information will delay the processing of your application.

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## **Who to Contact**

If you have any further questions about ABTA membership, please contact David Parish ([dparish@abta.co.uk](mailto:dparish@abta.co.uk)) on 020 7307 1917 or 07860 630993.

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## Glossary

This glossary explains the key terms used in the Frequently Asked Questions. For an explanation of accounting terms, we suggest that you contact your accountant. The Companies' House website ([www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)) has some useful information relating to limited companies.

Accounts Rules	The <a href="#">Accounts Rules</a> are part of ABTA's <a href="#">Articles of Association</a> . Their purpose is to determine whether appropriate bonding levels have been set for Members. They make a significant contribution to the financial wellbeing of the ABTA membership as a whole, and so improve the business environment in which Members operate.
Applicable Risk Turnover (ART)	This is your total turnover as a retail business, excluding: all foreign currency; 90% of sales of rail tickets issued under an <a href="#">ATOC</a> agreement; 90% of sales of air tickets issued under an <a href="#">IATA</a> agreement; and sales of scheduled stage fare bus and coach tickets within the British Isles.
Arm's-length trading	Trading with connected companies or persons on the same terms as would apply to unconnected parties.
ATOL (Air Travel Organisers' Licence)	An ATOL is a licence to sell air transportation which provides financial protection for the consumer. If you are acting as a <a href="#">principal</a> and sell a package that includes air transportation, then UK law requires you to have an ATOL. If you are in any doubt as to whether you should hold an ATOL, you should contact the <a href="#">CAA</a> (Civil Aviation Authority), CAA House, 45-59 Kingsway, London WC2B 6TE; telephone 020 7379 7311.
Billing and Settlement Plan	For details please contact <a href="#">IATA</a> .
Bond	A bond is a formal undertaking from an approved bank or insurance company to pay a sum of money to ABTA in the event of the Member's financial failure, primarily for the purpose of reimbursing customers who would otherwise lose money which they had paid. The provision of a bond is an acceptable method of complying with the statutory requirements for customers' financial protection under the <a href="#">EC Directive on Package Travel (The Package Travel, Package Holidays and Package Tour Regulations 1992-SI 3288/1992)</a> .

Bond obligor	A bank or insurance company which issues a bond.
Breakage deposits	Refundable deposits paid in advance to cover the cost of breakages, e.g. at a villa or apartment.
Code of Conduct	The <a href="#">Code of Conduct</a> is designed to regulate the activities of Members between themselves and members of the public; themselves and other Members; and themselves and agents or principals or other persons who are not members of the Association. The aims of the Code of Conduct are: to ensure that the public receive the best possible service from Members; to maintain and enhance the reputation, standing, and good name of the Association and its membership; and to encourage initiative and enterprise in the belief that properly regulated competitive trading by and between Members will best serve the public interest and the wellbeing of the travel industry.
Licensable business	Licensable business is that which is covered under an <a href="#">ATOL</a> .
Memorandum and Articles of Association	The constitution of ABTA is laid down in two basic documents, the <a href="#">Memorandum of Association</a> and the <a href="#">Articles of Association</a> . The Memorandum sets out the objectives and powers of the Association, while the Articles lay down the constitution and functions of the Board of Directors, the rules of membership and so on.

Non-licensable business	Non-licensable business is all principal business not covered by an <a href="#">ATOL</a> .
Non-licensable shortfall insurance	Because Members with non-licensable activities as a principal are bonded by us at the lowest rate permitted by the <a href="#">EC Directive on Package Travel (The Package Travel, Package Holidays and Package Tour Regulations 1992-SI 3288/1992)</a> , we are required to have in place a back-up fund. This is provided by way of a shortfall insurance policy.
Principal business	Principal business is business transacted in the capacity of a tour operator, i.e. a person carrying on business in whole or in part as a principal to a contract with a consumer, either directly or through an agent or agents in respect of the sale or offer for sale of <a href="#">travel arrangements</a> , or who holds an <a href="#">ATOL</a> to sell or offer for sale, in any capacity, travel arrangements to the general public. This can include packaging travel arrangements as agent under two or more contracts. Principal business is either ' <a href="#">licensable</a> ' or ' <a href="#">non-licensable</a> '.
Rail Settlement Plan	For details please contact <a href="#">ATOC</a> .
Retail business	Retail business is business transacted in the capacity of a travel agent, i.e. a person carrying on business, in whole or in part, as agent for a <a href="#">principal</a> , remunerated by commission or otherwise, in respect of the sale or offer for sale of <a href="#">travel arrangements</a> . Retail businesses are not in contract with the client.
Tour operator	See <a href="#">Principal business</a>
Travel agent	See <a href="#">Retail business</a>
Travel Agents' Bond Replacement Scheme (TABRS)	ABTA's own captive insurance company in Guernsey provides this highly competitive scheme, currently used by 30% of ABTA travel agents as an alternative to bonding. Full entry into the scheme is only available to Members who have been in membership for three full years; some other restrictions also apply. However, all Members conducting retail activity are required to make some contribution into the scheme.
Travel arrangements	Travel arrangements are defined as transport, accommodation, tourist or business services and facilities, travel insurance, holidays, packages as defined in the <a href="#">EC Directive on Package Travel (The Package Travel, Package Holidays and Package Tour</a>

[Regulations 1992-SI 3288/1992](#)) or otherwise and any other arrangements designated as travel arrangements by ABTA's Board of Directors from time to time.

Turnover	The gross amount paid by the customer, i.e. gross invoice value.
Turnover statement	An annual or quarterly statement of turnover.

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