

## Air Travel Organisers' Licensing

# **Notes for ATOL holders on completing the Annual Accountants' Report - Part 2**

## Introduction

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The purpose of this document is to assist ATOL holders in completing Part 2 of the Annual Accountants' Report (AAR). It provides information on how to answer questions in the report.

An AAR must be completed and submitted to the CAA by each ATOL holder as part of the application to renew an ATOL. It must be completed by the ATOL Holder's **Accountable Person** and a designated **ATOL Reporting Accountant**.

Further information on the AAR and the role of an ATOL Reporting Accountant can be found on the ATOL [website](#) and also in 'Guidance Note 10: Requirements for ATOL Reporting Accountants'.

If you are unsure how to answer questions in the AAR or what information to provide, you should seek guidance from your accountant or auditor.

Please note:

- When completing the form, all figures should be rounded to the nearest whole number, e.g. £20,500.75 should be entered as £20,501
- If you are a sole trader or a partnership, you must only enter figures relating to your business accounts. Do not include any data that relates to personal assets or liabilities.
- If the ATOL holder is part of a group and the CAA assesses the group then you should enter figures from the group's accounts. If you are unsure about this, please contact us.
- **If you have any further queries in respect of what information goes into the AAR forms, please contact your Accountant or ARA ATOL Reporting Accountant for advice in the first instance.**
- The form should be completed on-line using Internet Explorer 9 or higher. If you are using Chrome, MAC or an iPad, please refer to the notes in Section 9 of the form.

## How to submit the Annual Accountants' Report to the CAA

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Once all relevant sections are completed and the ATOL holder's Accountable Person's details have been entered into Section 7, the ATOL holder should click on the "**Send to your accountant**" button at the end of the report. This will create an email with the report attached, which you should then send to your ATOL Reporting Accountant.

Your ATOL Reporting Accountant must then complete Section 8. Once Section 8 is completed, your accountant must submit the report to the CAA by clicking on one of the buttons at the end of the report: either "**Mac iOS – Submit to CAA**" or "**Windows OS – Submit to CAA**". This will send the report to the CAA.

Question in AAR	Explanation
<b>ATOL holder details</b>	<p>You need to input:</p> <ul style="list-style-type: none"> <li>• the full name of the ATOL holder</li> <li>• the ATOL number granted to your firm</li> <li>• Type of ATOL holder box – If you are a Standard ATOL (normally greater than 500 seats and / or more than £1m sales on the ATOL) you should select Standard ATOL from the drop down list . If you are a Small Business ATOL (up to 500 seats and / or £1m sales on the ATOL) then you should select Small Business ATOL.</li> <li>• and whether you have a standard ATOL or a Small Business ATOL</li> </ul>
<b>Period from / to</b>	<p>This is the start date of your most recent accounts.</p> <ul style="list-style-type: none"> <li>• It will be the date immediately after the previous financial year end, or accounting period end if those accounts covered more or less than a year. If you were a start-up and the Annual Accountants' Report Part 2 being completed relates to your first set of accounts then the 'Period from' box should be completed with the date you commenced trading.</li> <li>• This is likely to be the financial year end but might be an accounting period end if the accounts cover more or less than a year.</li> </ul>
<b>Have your financial statements been restated?</b>	<p>Restated would normally mean that last year's figures in your accounts (that in most accounts are included for comparison purposes) have been amended due to a change in the way the accounts are prepared.</p> <p>If this is the case then you should select 'yes' from the drop down list and if not, then select 'no'. You must also enter figures into the "restated" column in section 4, 5 or 6 as applicable.</p>
<b>Currency Used</b>	<p>You should select the currency that your accounts are prepared in and for the figures you will be entering on the form, from the drop down list.</p>

## Section 1

### Revenue recognition and deferred income (customer deposits)

<p><b>Customer date basis</b></p>	<p>You should find the information for this in the notes to your accounts.</p> <p>You need to choose between one of the following options:</p> <p><b>Departure Date</b> – You should select this if the licensable revenue (could also be referred to as turnover or sales) in your accounts is included on the date your customers depart.</p> <p><b>Booking Date</b> – You should select this if the licensable revenue (could also be referred to as turnover or sales) in your accounts is included on the date your customers book.</p> <p>If for example you recognise revenue for holidays on a departure date and revenue as a retail agent on a booking date you should choose the option in box 1 that represents the majority of your revenue. For example if the accounts include £1m of licensable revenue relating to your own holidays (departure date) and £20m of sales as a retail agent (booking date) then box 1 should show booking date. If you have a mix in the way revenue is recognised you should explain this in box 3 provided (immediately below boxes 1 and 2).</p> <p>If you recognise revenue on another basis than the two in the bullet points above, such as the date your invoice your customers, you should select one of the options in the drop down list that is closest to invoice date. For example if most of your licensable sales are invoiced closest to booking date then box 1 should show booking date. If you recognise revenue in a different way to booking or departure date you should explain this in box 3 provided (immediately below boxes 1 and 2).</p>
<p><b>Basis for Total Revenue</b></p>	<p>You need to choose between one of the following options:</p> <p><b>Gross Basis</b> – You should select this from the drop down list if all of the revenue you invoice to your customer is included in your accounts.</p> <p><b>Net Basis</b> – You should select this if only the commission element of your sales is included in your accounts.</p> <p>If for example you include revenue for holidays sold in full in your accounts and just include the commission element of sales sold as a retail agent you should select the option in box 2 that represents the majority of your revenue.</p>

	You should also provide an explanation in box 3 provided (immediately below boxes 1 and 2).
<b>Explanations further to Box 1 and 2</b>	This is situated immediately under boxes 1 and 2. If your answers in box 1 and box 2 do not match the options in the drop down boxes exactly then you should provide an explanation here.
<b>What generally accepted accounting practice (GAAP) has been followed for the preparation of the financial statements?</b>	This relates to the accounting rules used in the preparation of your accounts. This may be noted somewhere in your accounts. Examples of such accounting rules are UK GAAP ( <i>UK Generally Accepted Accounting Practice</i> ) and IFRS ( <i>International Financial Reporting Standards</i> ).
<b>ATOL licensable revenue<sup>1</sup> shown within deferred income</b>	<p>ATOL licensable revenue is sales that are made under your ATOL.</p> <p>Deferred income would normally appear in creditors when your accounts are prepared on a departure date basis. It relates to customer monies taken for travel arrangements that are departing after the financial year end.</p> <p>You should complete the box with the amount of ATOL licensable revenue appearing in deferred income to the nearest whole number (i.e. £20,500.75 becomes £20,501).</p>
<b>Non - ATOL licensable revenue shown within deferred income</b>	<p>Non-licensable revenue is sales that are not made under your ATOL.</p> <p>Deferred income would normally appear in creditors when your accounts are prepared on a departure date basis. It relates to customer monies taken for business taking place after the financial year end. This may include other non-ATOL related travel arrangements departing after the financial year end.</p> <p>You should complete the box with the amount of non-ATOL licensable revenue appearing in deferred income to the nearest whole number (i.e. £20,500.75 becomes £20,501).</p>
<b>ATOL licensable revenue shown within Turnover</b>	The profit and loss appearing in your accounts will include a figure for turnover of which some may relate to sales made under your ATOL and some may relate to sales not made under your ATOL.

<sup>1</sup> Licensable revenue is the revenue generated from licensable transactions, i.e. sales made under your ATOL which you reported to the CAA and for which you paid the ATOL Protection Contribution (APC).

	You should complete the box with the amount of ATOL licensable turnover appearing within total turnover in the profit and loss to the nearest whole number (i.e. £20,500.75 becomes £20,501).
<b>Non - ATOL licensable revenue shown within Turnover</b>	<p>The profit and loss appearing in your accounts will include a figure for turnover of which some may relate to sales made under your ATOL and some may relate to sales not made under your ATOL.</p> <p>You should complete the box with the amount of non-ATOL licensable turnover appearing within total turnover in the profit and loss to the nearest whole number (i.e. £20,500.75 becomes £20,501).</p>

## Section 2 Turnover reconciliation

<b>Turnover per licensable gross revenue on departure date basis. (As per CPG3030 Part 1, Section 1)</b>	<p><i>Note: This figure should be the same as that reported to the CAA in your APC return/s</i></p> <p><b>Standard ATOL</b> – You should enter the gross invoice value of all sales made under your ATOL that departed during the four calendar quarters immediately prior to the last financial period. For example, if your financial year end is June 16 then the four quarters would be September 15, December 15, March 16 and June 16. However, if your financial year end is November 16 then the four quarters would be December 15, March 16, June 16 and September 16. Further guidance is available in the CAA Guidance Note 10 for Part 1 Guidance.</p> <p><b>SBA ATOL</b> – You should enter the gross invoice value of all sales made under your ATOL that departed in the licence period that finished during the last financial year. For example, if your financial year end is June 16 you should input the gross invoice value for ATOL sales departing in your licence period for the year to 31 March 16. Further guidance is available in the CAA Guidance Note 10 Part 1 Guidance.</p> <p><i>Note: Small Business ATOL holders renewing for the first time are not required to submit form CPG3030 Part 1.</i></p>
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<b>Turnover per non-licensable gross revenue on departure date basis</b>	You should enter the gross invoice value for all non-ATOL licensable bookings that departed in the same period that you are working to in box 1 above and to which your Annual Accountants' Report part 1 relates.
<b>Blank lines</b>	You can use these to enter any other revenue not covered by boxes 1 and 2 above, including any taken on a booking date basis .
<b>Total</b>	You should input the total of boxes 1, boxes 2 and blank lines here.
<b>Turnover per Financial Statements</b>	You should enter the amount of turnover (sometimes referred to as revenue) appearing at the top of the profit and loss in your accounts to the nearest whole number (i.e. £20,500.75 becomes £20,501).
<b>Difference</b>	You should enter the difference (if any) between the total (Box 3) and the turnover figure from your accounts (Box 4) to the nearest whole number (i.e. £20,500.75 becomes £20,501).
<b>Please provide an explanation for the difference</b>	<p><i>Note: The figures provided above are added together and the total is shown on the AAR.</i></p> <p>Differences can result from, but are not limited to:</p> <ul style="list-style-type: none"> <li>- the period of four calendar quarters (standard ATOLs) or licence period (SBAs) is different to the period of your accounts;</li> <li>- your accounting policy has changed during the year (i.e. turnover is now recognised on booking date rather than departure date);</li> <li>- your accounts recognise revenue on booking date but the your ATOL returns are required to be based on date of departure; and/or</li> <li>- the turnover figure in the profit and loss includes income such as fees for arranging visas.</li> </ul>
<b>Current Financial Year Total Projected Revenue</b>	You should enter the total gross revenue you projected in Section 7 of last year's renewal application form to the nearest whole number (i.e. £20,500.75 becomes £20,501). This projected figure should be the projection you made on the previous application form for the financial year end of your recent accounts supplied for this renewal. For example, if on your March 2016 renewal application form you projected £1m total gross revenue for the financial year ending 30 November 2016 then you should enter £1m in this box.

<p><b>Revenue (UKGAAP, FRS105, FRS102 and FRS101 or IFRS) for the prior financial year</b></p>	<p>You should enter the previous year's total revenue here to the nearest whole number (i.e. £20,500.75 becomes £20,501). This can usually be found at the top of the right hand column appearing in the profit and loss in your accounts. For example, if your latest accounts are for the financial year ending 30 November 2016 then the right hand column on the profit and loss in these accounts will be for 30 November 2015.</p>
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## Section 3 Subordinated loans

A subordinated loan would be an amount appearing in creditors in the balance sheet which is owed to a director or a company and that has been subordinated to the CAA. In order to be subordinated the director (this may be you or another director) or a company would have signed a subordinated loan agreement meaning that the amount in creditors cannot be repaid without the CAA's prior written consent.

Should you have any further queries in respect of the above please contact your accountant or ATOL Reporting Accountant for advice in the first instance.

<p><b>Do you have any loans in the balance sheet subordinated to the CAA?</b></p>	<p>You should select yes from the drop down list if there is a subordinated loan (see above) in the balance sheet and no if there is not.</p>
<p><b>If yes, for what amount</b></p>	<p>You should enter the amount of the subordinated loan that appears in the balance sheet to the nearest whole number (i.e. £20,500.75 becomes £20,501).</p>
<p><b>If yes, is the liability included in short or long-term liabilities on the balance sheet</b></p>	<p>Short term and long term liabilities appear in the balance sheet. Short term liabilities (also referred to as current liabilities or creditors: amounts falling due within one year) include amounts that you need to pay during the year immediately following the financial year end in the accounts. Long term liabilities include amounts you have to pay after that year. The subordinated loan will appear in one of these two sections. It may be shown on its own or be included with other items and you may have to look in the notes to the accounts to find it.</p> <p>You should select where the subordinated loan appears in your accounts from the drop down list.</p>



<p><b>Restricted cash – Include amounts that are included in cash and cash equivalents and which are restricted</b></p>	<p>Cash and cash equivalents are shown in the balance sheet. Within those amounts there can be cash that is restricted and not readily available to the ATOL holder. For example, your bank might require you to maintain a minimum cash balance in an account in order for them to provide an ATOL and/or ABTA bond.</p> <p>The amount of restricted cash should be entered into this box as a nearest whole number (i.e. £20,500.75 becomes £20,501).</p>
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## Section 4

### Financial information from Small Business ATOL holders

This section of the Annual Accountants' Report must only be completed by those applying for a **Small Business ATOL (SBA)**.

The first column (headed 'current') must be completed with figures from your last accounts. If your accounts for the previous financial period have been restated you must also complete the second column in this section with the restated figures.

If you are unsure how to answer questions, you should seek guidance from your ATOL Reporting Accountant or auditor.

<p><b>Net profit (loss)</b></p>	<p>This can be found in the profit and loss in your accounts. You need to enter the profit (or loss) after tax, but before items such as dividends or minority interests. Please note that a profit should be entered as a positive figure and a loss entered as a negative figure.</p>
<p><b>Total assets</b></p>	<p>You can find the information for this in your Balance Sheet (or accompanying notes).</p> <p>You should include all assets, for example:</p> <ul style="list-style-type: none"> <li>• current assets</li> <li>• fixed assets (including tangible and intangible fixed assets and investments).</li> <li>• accrued income</li> <li>• prepayments</li> </ul> <p>Enter as a positive figure</p>
<p><b>Current assets</b></p>	<p>This can be found in the balance sheet in your accounts. This figure includes cash and any other current assets.</p>

	<p>Enter as a positive figure Should you have any further queries in respect of the above please contact your accountant or ATOL Reporting Accountant for advice in the first instance.</p>
<b>Cash</b>	<p>This can be found in the balance sheet in your accounts. This figure may be shown as cash, cash equivalents or cash at bank and in hand. You should enter this as a positive figure, unless you were overdrawn at the financial year end.</p> <p>An overdraft is normally included in current liabilities or creditors: amounts falling due within one year.</p>
<b>Current liabilities</b>	<p>This can be found in the balance sheet in your accounts. It can also be referred to as creditors: amounts falling due within one year.</p> <p>Enter as a positive figure.</p>
<b>Total liabilities</b>	<p>This can be found in the balance sheet or in accompanying notes).</p> <p>You should include all liabilities, for example:</p> <ul style="list-style-type: none"> <li>• current liabilities (which may be called 'creditors: amounts falling due within one year')</li> <li>• long-term liabilities (which may be called 'creditors: amounts falling due after more than one year')</li> <li>• provisions for liabilities</li> <li>• defined benefit liability</li> <li>• accruals</li> <li>• deferred income</li> </ul> <p>Enter as a positive figure.</p>

## Section 5

### Information from financial statements (UKGAAP, FRS102 or FRS105 format) Standard ATOL holders

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You should not complete this section if you are a Small Business ATOL holder.

This section of the Annual Accountants' Report must only be completed by those applying for a Standard ATOL where the financial statements are in **UKGAAP, FRS102** or **FRS105** format.

The first column (headed 'current') must be completed with figures from your last accounts. If your accounts for the previous financial period have been restated you must also complete the second column in this section with the restated figures.

<p><b>Financial statements status</b></p>	<p>You need to choose between one of the following options:</p> <p><b>Accounts compilation report</b> – Your accounts have not been audited but they include a compilation report signed by an accountant.</p> <p><i>Note: When preparing a compilation report, an accountant collects and presents accounting information from the sources made available to him/her but there is no requirement for the accountants to test the assertions underlying the information.</i></p> <p><b>Audited</b> – Your accounts have been audited and include a signed audit report.</p> <p><b>Not audited</b> – Your accounts have not been audited and do not include a compilation report.</p>
<p><b>Period end</b></p>	<p>This is the date that your accounts are prepared to. It would normally be your most recent financial year end but could be your most recent accounting period end if your accounts cover less or more than a year.</p>
<p><b>Revenue</b></p>	<p>This relates to sales made in the most recent financial year and is found in the profit and loss at the top of the left hand column. It is sometimes called turnover or sales. This should be input as a positive figure.</p>
<p><b>Profit (loss) from operations after tax</b></p>	<p>This can be found in the profit and loss in your accounts, usually near the bottom. You need to enter the profit (or loss) after tax, but before items such as dividends or minority interests. You need to enter the figure from the most recent financial year (the left hand column). Please note that a profit should be entered as a positive figure and a loss entered as a negative figure.</p>
<p><b>Tax</b></p>	<p>This is found in the profit and loss, usually near the bottom. You need to enter the figure from the most recent financial year (the left hand column). If it is a tax charge it should be entered as a negative figure. If it is a tax credit it should be entered as a positive figure.</p>
<p><b>Interest</b></p>	<p>This is found in the profit and loss or the notes to the accounts. You need to enter the net figure of interest received and interest paid. The figures can be found in the most recent financial year (the left hand column). The net figure may be positive or negative. A negative figure would mean more interest paid than received.</p>

<b>Depreciation</b>	<p>This is found in the profit and loss or the notes to the accounts. You need to enter any amount relating to the depreciation of tangible owned fixed assets.</p> <p>Enter as a negative figure.</p>
<b>Amortisation</b>	<p>This is found in the profit and loss or the notes to the accounts. You need to enter any amount relating to the amortisation of intangible assets such as goodwill.</p> <p>Enter as a negative figure.</p>
<b>Impairment of assets</b>	<p>This can be found in the profit and loss. You should enter any amount appearing in the profit and loss relating to the impairment of assets.</p> <p>It should be entered as a negative figure, unless it is the write back of an asset.</p>
<b>Total assets</b>	<p>This can be found in the balance sheet in your accounts. The figure includes all assets.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• current assets</li> <li>• fixed assets (including tangible and intangible fixed assets and investments).</li> <li>• accrued income</li> <li>• prepayments</li> </ul> <p>Enter as a positive figure</p>
<b>Current assets</b>	<p>This can be found in the balance sheet in your accounts. This figure includes cash and any other current assets.</p> <p>You should enter this as a positive figure.</p>
<b>Prepayments and accrued income</b>	<p>This can be found in the balance sheet. You only need to complete this box if prepayments and accrued income is a separate line on your balance sheet. If it is included in current assets do not enter it here.</p>
<b>Cash at bank and in hand</b>	<p>This can be found in the balance sheet in your accounts. You should enter this as a positive figure, unless you were overdrawn at the financial year end.</p> <p>Any overdraft is normally included in current liabilities or creditors: amounts falling due within one year.</p>

<b>Creditors: amounts falling due within one year</b>	<p>This can be found in the balance sheet in your accounts.</p> <p>You should enter this as a positive figure.</p>
<b>Accruals and deferred income</b>	<p>This can be found in the balance sheet. You only need to complete this box if accruals and deferred income is a separate line on your balance sheet. If it is included in creditors: amounts falling due within one year do not enter it here.</p>
<b>Creditors: amounts falling due after more than one year</b>	<p>Enter as a positive figure.</p>
<b>Total liabilities</b>	<p>This can be found in the balance sheet or accompanying notes. The figure includes all liabilities, for example:</p> <ul style="list-style-type: none"> <li>• current liabilities (which may be called creditors: amounts falling due within one year)</li> <li>• long-term liabilities (which may be called creditors: amounts falling due after more than one year)</li> <li>• provisions for liabilities</li> <li>• defined benefit liability</li> <li>• accruals</li> <li>• deferred income</li> </ul> <p>Enter as a positive figure.</p>

## Section 6

### Information from financial statements (IFRS or FRS101 format) Standard ATOL holders

The explanations and guidance for this section is the same as Section 5, except for the following.

<b>Cash and cash equivalents</b>	<p>This can be found in the balance sheet in your accounts. Cash and cash equivalents are the most liquid current assets found on a business's balance sheet. Cash equivalents are short-term commitments "with temporarily idle cash and easily convertible into a known cash amount". You should include all cash at bank, cash equivalents and cash in hand. You should enter this as a positive figure, unless you were overdrawn at the financial year end.</p> <p>Any overdraft is normally included in current liabilities or creditors: amounts falling due within one year.</p>
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<b>Non-current assets</b>	This can be found in the balance sheet. You should input the total of assets that are not current. For example – fixed assets including tangible and intangible assets and investments.  This should be entered as a positive figure.
<b>Current liabilities</b>	This can be found in the balance sheet. You should enter this as a positive figure.
<b>Non-current liabilities</b>	This can be found in the balance sheet.  You should enter this as a positive figure.

## Section 7 Confirmation by the ATOL holder

This section of the Annual Accountants' Report must be completed by the ATOL holder's Accountable Person (or Delegated Accountable Person, where applicable).

<b>Tick to confirm that you have read CAA Guidance note 10 and that the information provided in the report is correct</b>	You should tick this box to confirm your understanding that you are required to provide information to the CAA and confirm that the data supplied in Sections 1, 2 and 3, as well as 4, 5, or 6 is correct (as selected from the drop down list).  For convenience a link is provide below to the CAA Guidance Note 10 'Requirements for ATOL Reporting Accountants':  <a href="http://www.caa.co.uk/ATOL-protection/Trade/Maintain-and-renew-your-ATOL/ATOL-reporting-accountants-scheme/">http://www.caa.co.uk/ATOL-protection/Trade/Maintain-and-renew-your-ATOL/ATOL-reporting-accountants-scheme/</a>
<b>Specifies that you have completed Section 4, Section 5 or Section 6 of the form with the figures from your most recent accounts and that the figures agree back to those accounts</b>	From the drop down list select Section 4 if you are a SBA and Section 5 or Section 6 if you are a standard ATOL holder depending on the accounting rules used to prepare your accounts.

<b>Financial statements for the period ended</b>	You should input the date that your accounts are prepared to. It will be the financial year end or the accounting period end referred to in the accounts.
<b>Is the ATOL Reporting Accountant the registered auditor?</b>	<p>If the person signing Section 8 of this Annual Accountants' Report Part 2 is the same person who prepared your accounts, select "yes".</p> <p>If your accounts were prepared by someone else select "no".</p> <p><i>Note: Section 8 must be signed by an ATOL Reporting Accountant (ARA). An ARA is an or individual who is designated under the ATOL Reporting Accountants' Scheme and who is engaged by the ATOL holder to report on information provided by the ATOL holder to the CAA. Further information about the ATOL Reporting Accountants' Scheme can be found on the ATOL website <a href="#">here</a>.</i></p>
<b>Were the financial statements audited?</b>	Select "yes" if your accounts were audited and they include a signed audit report. Otherwise select "no".
<b>Was the audit opinion on the financial statements modified?</b>	<p>A modified audit report is where the auditor includes an extra paragraph in the auditor's report that explains the modification. This paragraph should be under one of the following headings: Qualified Opinion; Adverse Opinion; or Disclaimer of Opinion (or sometimes referred to as an Inability Opinion).</p> <p>If your accounts were audited and contain a modified audit report select yes. Otherwise select no. If your accounts were not audited select no to this question.</p> <p>Should you have any further queries in respect of the above please contact your auditor.</p>

## Section 8

### Report of the accountants - factual findings

This section must be completed by a designated ATOL Reporting Accountant (ARA).

An ARA is an individual who is designated under the ATOL Reporting Accountants' scheme and who is engaged by the ATOL holder to report on information provided by the ATOL holder to the CAA. Only an individual may sign the AAR, although he/she could sign for and on behalf of a firm.

***The accountable person (or delegated accountable person) should now complete their details and then email the form to their ATOL Reporting Accountant using the send to your accountant button at the bottom of the form.***

For convenience a link is provided below to the 'ATOL Reporting Accountants' webpage:

<http://www.caa.co.uk/ATOL-protection/Trade/Maintain-and-renew-your-ATOL/ATOL-reporting-accountants-scheme/>