

Official Record Series 3

ORS3



Official Record Series 3

Information published pursuant to:
The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended);
The Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007 (as amended);
and Section 11, Civil Aviation Act 1982 (as amended).

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Revision History

June 2018 Edition **8 June 2018**

Document revised and re-issued to reflect the Package Travel and Linked Travel Arrangements Regulations 2018 and the amendments to the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended), which came into force on 1 July 2018. The Class Exemption for small aircraft has been replaced with exemption 01/2018. Exemption 10/2012- Flight-Only Use of Consumer's Credit or Debit Card- has been revoked and replaced with 02/2018 - Flight-Only Ticket Fully Paid Exemption. Exemption 05/2013- Corporate Sales Exemption- has been revoked. The ATOL Standard Terms, Agency Terms, Accredited Body Standard Terms, Requirements for ATOL Reporting Accountants and ATOL Certificates have been amended to reflect changes to the ATOL Regulations and the abolition of Flight-Plus as a category of licensable transaction. There is a new exemption 06/2018. The following exemptions have been replaced with new ones.

03/2013 replaced by 03/2018

06/2013 replaced by 04/2018

01/2014 replaced by 05/2018

Updated **15 February 2019**

Document revised and re-issued to include the addition of the new ATOL Standard Term 6.4. Further changes include, the expiration and removal of a specific exemption, the inclusion of an existing exemption, and the correction of minor errors.

Update **04 February 2020**

Document revised and re-issued to update Appendix A 'Requirements for ATOL Reporting Accountants' only. Changes include, amendments to the work procedures for an ARA, more guidance on what constitutes an ATOL sale, updating the referencing to 'Appendix A' and the correction of minor errors.

Update **27 May 2022**

Document revised and re-issued to include:

Class exemption 02/2012 "Technical problem and code share exemption" is amended to reflect the UK's departure from the EU.

Class exemption 01/2020 "Sales to persons selling under a general business travel agreement" that was granted on 18 September 2020 is added to the document.

The specific exemption granted to the easyJet group of companies is amended to correct a former publishing error.

Section 1.3: Form and content of an ATOL Certificate - reference to selling in EEA countries has been removed.

Section 1.4: Schedule of Agency Terms - the schedule for agents established and selling in EEA countries has been removed.

Section 1.8: Schedule of ATOL Standard Terms is re-published and amended as follows:

- ATOL Standard Terms 1.1 and 1.2 are amended to make it clear that the requirement to use the ATOL logo does not apply to an agent for an ATOL holder.

- ATOL Standard Term 3.5 – change to reporting requirements. Small Business ATOL holders required to report future bookings.
- ATOL Standard Term 3.7 - update to terminology from 'Guidance Note 10' to 'Appendix A'
- ATOL Standard term 3.13 – change to reporting requirements. Franchise Member ATOL holders and SBAs required to report future bookings.
- ATOL Standard Term 6.1 is amended to remove reference to selling in EEA countries.

Appendix A – Updated copies of AAR Part 1 & AAR Part 2 are added. Wording is updated for removal of Guidance Note 10 wording, SBA to quarterly reporting and additional 'future booking' reporting for SBAs and Franchise member ATOL holders.

Appendix A – ARA Logo conditions of use and copy of ARA logo

Update **01 March 2024**

Annex 15 – Addition of Key Components of the ATOL Reporting Accountants' Scheme for reference.

AST1.5 – correction to paragraph break.

Document revised and re-issued to include the specific exemption granted to Booking.com BV that was granted on 1 March 2024.

Update **01 April 2026**

Document revised and re-issued to amend Exemption 02/2018 (Flight Only Ticket Fully Paid Exemption) and Exemption 05/2018 (IATA Accredited Agents Selling Flight-Only) to clarify how the exemption applies to Accredited Bodies, in cases where the Accredited Body Member is making available flight accommodation in accordance with the terms of its Membership of the Accredited Body.

This version also includes the amendment to ATOL Standard Term 1.3 on ATOL advertising requirements.

A number of links have also been updated in this document.

Update **02 November 2026**

Agency Term 11 and AST2.2 amended to signpost that a variation to these terms will come into effect on 1 April 2027.

Correction to paragraph break before definition of 'related party' on page 39.

Chapter 1

The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended)

1.1 ATOL Regulation 5: Requirements for service of documents

In accordance with ATOL Regulation 5(2) the email address to which electronic documents may be served on the CAA under the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012, (as amended) ("ATOL Regulations 2012") is atolonline@caa.co.uk

1.2 ATOL Regulation 11: Exemptions from the ATOL Regulations 2012[1]

1.2.1 Class exemptions: In accordance with ATOL Regulation 11, class exemptions granted by the CAA are included here. Any class exemptions granted by the CAA from time to time after the date of publication of this Official Record Series 3 are published at www.atol.org.uk.

01/2018 – SMALL AIRCRAFT, SPORTING EVENT, CARRIAGE OF ANIMALS, REPLACEMENT TRANSPORT AND BALLOON/ AIRSHIP EXEMPTION

1. Subject to paragraph 2 the Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended) ("ATOL Regulations 2012"), exempts any person who makes available flight accommodation:
   a) in an aircraft with a maximum approved passenger seating configuration of 19 or less;
   b) on any flight to or from the grounds where a sporting event is taking place, on which the only passengers carried are persons travelling in connection with attendance at the event;
   c) to persons carried for the purpose of attending to animals during the flight, and persons returning from having attended to animals on a previous flight;
   d) to persons who have booked to travel by means of public transport other than air and are unable to do so by reason of circumstances beyond the control of the operator of that transport; or
   e) on any flight by a hot air balloon or airship;

   from the need to hold an Air Travel Organiser's Licence.
2. This exemption does not apply where:
   a) The persons specified under (1)(a), (1)(b) and (1)(e) make available flight accommodation which forms part of a package as defined by the ATOL Regulations 2012; or
   b) The persons specified at (1)(a) make available flight accommodation more than three times in a calendar month or the flights are advertised as if they were a scheduled air service.
3. Exemption Number 01/2012 is hereby revoked.
4. This exemption came into force on 9 June 2018.

Civil Aviation Authority
8 June 2018

[1] Persons may be exempt from the need to hold an ATOL by reason of ATOL Regulation 10 or by an exemption granted by the CAA under ATOL Regulation 11. Details of those persons exempt by reason of ATOL Regulation 10 are included in the ATOL Regulations.

02/2012 – TECHNICAL PROBLEM AND CODE SHARE EXEMPTION

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts any operator of an aircraft who holds:
   a) valid Operating Licence granted pursuant to Regulation (EU) Number 1008/2008 on the Licensing of Air Carriers as retained (and amended in UK domestic law) under the European Union (Withdrawal) Act 2018; or
   b) a valid Permit granted under the Air Navigation Order by the Secretary of State; or
   c) a valid Air Transport Licence;

   from the need to hold an Air Travel Organiser's Licence in the circumstances specified in paragraph 2.
2. The circumstances referred to in paragraph 1 are where the operator makes available accommodation on a flight which it does not or will not operate itself but:
   a) it is authorised to provide the services on which flight accommodation is or will be made available, and where it reasonably believed at the time of first making available, or holding itself out as a person who may make available flight accommodation, it would be the operator of the flight; or
   b) in the case of an operator which is a member of the International Air Transport Association ("IATA"), it accepts liability to the customer for any payment accepted in respect of that flight accommodation.
3. This exemption came into force on 30 April 2012.

David Moesli
for the Civil Aviation Authority
5 April 2012

06/2012 – WHOLE PLANE SALES EXEMPTION

1. Subject to paragraphs (2) and (3), the Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended ("ATOL Regulations 2012"), exempts any person who makes available flight accommodation consisting of the entire capacity of one or more aircraft to a consumer (as defined in the ATOL Regulations 2012) from the need to hold an Air Travel Organiser's Licence.
2. This exemption does not apply in circumstances where the flight accommodation forms part of a package as defined by the ATOL Regulations 2012.
3. The exemption does not apply where the person buying the flight accommodation (B) will make it available to another person (C) and accept any payment in relation to it unless the person making the flight accommodation available (A) to (B) took all reasonable steps and exercised all due diligence to enquire of the person buying the flight accommodation (B) whether they will make it available to another person (C) and accept any payment in relation to it and (A) has satisfied itself that that is not the case.
4. This exemption came into force on 30 April 2012.
5. Paragraph 2 of this exemption was made on 15 February 2019 to correct typographical errors.

David Moesli
for the Civil Aviation Authority
5 April 2012

07/2012 – FORMER MEMBERS OF AN ACCREDITED BODY - EXEMPTION TO ENABLE AB MEMBERS TO COLLECT CONSUMER PAYMENTS

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11(1) of the Civil Aviation Authority (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts any former member of an Accredited Body whose membership has been terminated or is suspended but only for the purpose of collecting payments due from the former AB member's customers in respect of transactions concluded by the former AB member as an AB member of that Accredited Body from the need to hold an Air Travel Organiser's Licence.
2. This exemption came into force on 30 April 2012.

David Moesli
for the Civil Aviation Authority
5 April 2012

02/2018 – FLIGHT-ONLY TICKET FULLY PAID EXEMPTION

1. Subject to paragraph 5, the Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts any person who makes available flight accommodation in the circumstances set out in paragraph 2 or 3 from the need to hold an Air Travel Organisers' Licence.
2. This exemption applies if the person making available flight accommodation:
   a) purchases the flight accommodation from the operator of the aircraft on which the flight accommodation is made available; and
   b) pays the full cost of the flight accommodation charged by the operator to the operator at the time of purchase, and the operator immediately issues a confirmed ticket which the person immediately supplies to the consumer; and
   c) states clearly on all invoices and receipts issued in respect of that flight accommodation: - "This sale is not protected under the ATOL Scheme".
3. Alternatively, this exemption applies if the person making available flight accommodation:
   a) purchases the flight accommodation from the operator of the aircraft on which the flight accommodation is made available using the services of a fully automated flight reservation system;
   b) pays the full cost of the flight accommodation charged by the operator to the operator at the time of purchase via that reservation system;
   c) the operator immediately issues a confirmed ticket which is immediately received by the consumer; and
   d) states clearly on all invoices and receipts issued in respect of that flight accommodation: - "This sale is not protected under the ATOL Scheme".
4. In the circumstances where an Accredited Body Member is making available flight accommodation in accordance with the terms of its Membership of an Accredited Body, the person referred to in paragraphs 1, 2 and 3 is the Accredited Body.
5. This exemption does not apply if:
   a) the flight accommodation is made available as part of a package; or
   b) the operator of the aircraft on which the flight accommodation is made available states in its terms of business, or anywhere, that it reserves the right to refuse to carry a person that purchased flight accommodation on aircraft it operates other than direct from its website or where that flight accommodation was made available by a person other than the operator.
   c) Exemption Number 10/2012 is hereby revoked.

Civil Aviation Authority
8 June 2018

03/2018 – ATOL CERTIFICATE EXEMPTION FOR PACKAGES SOLD ON CREDIT

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended ("ATOL Regulations 2012"), exempts any person who makes available flight accommodation as part of a package in circumstances where:
   a) the flight accommodation is made available to a consumer (as defined by the ATOL Regulations 2012); and
   b) no payment is received for the package until after the consumer has completed the package which may or may not mean the consumer has returned to the original departure point;

   from the need to supply an ATOL Certificate.
2. Exemption Number 03/2013 is hereby revoked.
3. This exemption came into force on 1 July 2018.

Civil Aviation Authority
8 June 2018

04/2013 – OVERSEAS EXEMPTION

1. Subject to paragraphs (2) and (3) The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts any person who makes available flight accommodation in circumstances where:
   a) the first leg of the trip, in which flight accommodation is made available with another flight or other transport service on the same booking, commences other than from the Republic of Ireland, outside the United Kingdom; or
   b) the only transport service included in the consumer's booking was a flight departing an airport other than from an airport in the Republic of Ireland, outside the United Kingdom;

   from the need to hold an Air Travel Organiser's Licence.
2. This exemption does not apply to a person who makes available flight accommodation which forms part of a package.
3. This exemption only applies if that person states on invoices and receipts that it issues in respect of the flight accommodation it makes available: - "This sale is not protected under the ATOL Scheme".
4. In this exemption "trip" means a collection of travel and other tourist services purchased by a consumer on one booking with one travel and tourist service provider.
5. This exemption came into force on 11 October 2013.

David Moesli
for the Civil Aviation Authority
30 September 2013

05/2013 – CORPORATE SALES EXEMPTION

1. This exemption was revoked on 1 July 2018

Civil Aviation Authority
8 June 2018

04/2018 – CREDIT SALES EXEMPTION FOR FLIGHT-ONLY

1. Subject to paragraphs (3) and (4), The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended ("ATOL Regulations 2012"), exempts any person who makes available flight accommodation as a Flight-Only when:
   a) the flight accommodation is made available to a consumer (as defined by the ATOL Regulations 2012): and
   b) no payment is received for the flight until after the consumer has completed the trip which may or may not mean the consumer has returned to the United Kingdom, from the need to hold an Air Travel Organiser's Licence.
2. This exemption only applies if that person states on invoices and receipts that it issues in respect of the flight accommodation it makes available: - "This sale is not protected under the ATOL Scheme".
3. This exemption does not apply in circumstances where the person making available flight accommodation, whether as agent or principal, makes that flight accommodation available as part of a package as defined by the ATOL Regulations 2012.
4. Exemption Number 06/2013 is hereby revoked.
5. This exemption came into force on 1 July 2018.

Civil Aviation Authority
8 June 2018

05/2018 – IATA Accredited Agents Selling Flight-Only

1. Subject to paragraph 6, the Civil Aviation Authority, in exercise of its powers under Regulation 11(2) of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended ("ATOL Regulations 2012"), exempts any International Air Transport Association ("IATA") Accredited Agent specified in paragraph (2), that makes available flight accommodation from the need to hold an Air Travel Organiser's Licence.
2. The person referred to in paragraph 1 is any person who makes available flight accommodation where that person is authorised by the relevant airline to do so in accordance with IATA Passenger Sales Agency Rules but only where:
   a) that person is making available flight accommodation to a consumer and not making it available to a third person who intends to make the ticket available to another person; and
   b) that person issues a confirmed ticket to the consumer by the specified method (as defined in ATOL Regulation 18); and
   c) that person states on invoices and receipts that it issues in respect of the flight accommodation it makes available "This flight is sold as Agent of the Airline(s) named on the ticket and is not protected under the ATOL scheme".
3. In the circumstances where an Accredited Body Member is making available flight accommodation in accordance with the terms of its Membership of an Accredited Body, the person referred to in paragraph 2 is the Accredited Body.
4. The relevant airline means the airline named on the ticket or a codeshare/interline partner of that airline.
5. A person is authorised by the relevant airline under IATA Passenger Sales Agency Rules (as that term is used in paragraph 2) if
   a) the person
      i) has met: -
         (aa) financial criteria for the United Kingdom as set out in the current IATA Travel Agent's Handbook as published from time to time;
         (bb) the applicable local criteria for IATA accreditation; and (cc)
         has signed a sales agency agreement or agreements in accordance with IATA Passenger Sales Agency Rules;

      or

      ii) has met the qualifications for IATA accreditation, has signed a sales agency agreement or agreements in accordance with IATA sales agency rules and is an ATOL holder;

   and

   b) the relevant airline has given that person Ticketing Authority (as defined by Resolution 866 of the IATA Travel Agent's handbook as published by IATA, notifying the IATA Billing and Settlement Plan ("BSP") that that person may sell its tickets on its behalf and has not revoked that notification.
6. The persons specified in paragraph 2 are not exempt from the need to hold an Air Travel Organisers' Licence in circumstances where the person making available flight accommodation which forms part of a package as defined by the ATOL Regulations 2012.
7. Exemption Number 01/2014 is hereby revoked.

Civil Aviation Authority
8 June 2018

06/2018 – PACKAGE LESS THAN 24 HOURS

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012, as amended ("ATOL Regulations 2012"), exempts any person who makes available flight accommodation as part of a package in circumstances where:
   a) the duration of the package is less than 24 hours and does not involve either
      i. an overnight stay or
      ii. travel outside of the UK.
2. This exemption came into force on 1 July 2018.

Civil Aviation Authority
8 June 2018

01/2020 – SALES TO PERSONS SELLING UNDER A GENERAL BUSINESS TRAVEL AGREEMENT EXEMPTION

1. Subject to paragraphs (3) and (4), the Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended ("ATOL Regulations 2012"), exempts any person who makes available flight accommodation in the circumstances set out in paragraph 2 from the need to hold an Air Travel Organiser's Licence.

2. This exemption applies if the person (A) makes available flight accommodation to a person (B) who will sell the flight accommodation on to another person (C) under and in accordance with the terms of a "general business travel agreement".

3. This exemption only applies if (A) has taken all reasonable steps and exercised all due diligence to enquire of the person (B) buying the flight accommodation whether (B) will make the flight accommodation available to another person (C) under and in accordance with the terms of a general business travel agreement, and (A) has satisfied itself that this is the case.

4. This exemption only applies if (A) states on all invoices and receipts that it issues in respect of the flight accommodation it makes available: - "This sale is not protected under the ATOL Scheme".

5. In this exemption, "general business travel agreement" has the same meaning as that used in Regulation 10 of the ATOL Regulations 20121

6. This exemption came into force on 18 September 2020.

Civil Aviation Authority
18 September 2020

1: Regulation 10 of the ATOL Regulations 2012 states "…"general business travel agreement" means an agreement which is concluded between a trader and another person, for the purpose of booking travel arrangements in connection with that other person's trade, business, craft or profession."

1.2.2 Specific Exemptions

In accordance with ATOL Regulation 11, specific exemptions granted by the CAA are included here.

Exempt Firm	Aircraft Operator (if specified)	Validity Dates (o.e. - open ended)
Shell UK Ltd		8 June 2018 – o.e.
Total E&P UK PLC		8 June 2018 – o.e.
Flying Without Fear Ltd		30 April 2012 – o.e.
J4 Mobility Section/RAF Regt.		30 April 2012 – o.e.
Traveleyes Ltd		15 January 2013 - o.e.
easyJet Airline Company Limited		2 July 2018 - o.e.
Booking.com BV		1 March 2024 – o.e.

Any specific exemptions granted by the CAA from time to time after the publication date of this Official Record Series 3 are published at www.atol.org.uk

Exemption – Shell UK Limited

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) (AMENDMENT) REGULATIONS 2012, EXEMPTION PURSUANT TO REGULATION 11

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts Shell UK Limited from the need to hold an Air Travel Organiser's Licence to enable it to make available, accommodation on flights operated in respect of oil and gas industry operations within the area of the UK Continental Shelf and to, from, and within the territories of the European Union (including Norway) Member States and their offshore waters pursuant to agreements between Shell UK Limited and the operators of those flights.
2. This exemption came into force on 8 June 2018.

Civil Aviation Authority
8 June 2018

Exemption – Total E&P UK PLC

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) (AMENDMENT) REGULATIONS 2012, EXEMPTION PURSUANT TO REGULATION 11

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts Total E&P UK PLC from the need to hold an Air Travel Organiser's Licence to enable it to make available, accommodation on flights operated in respect of oil and gas industry operations within the area of the UK Continental Shelf and to, from, and within the territories of the European Union (including Norway) Member States and their offshore waters pursuant to agreements between Total E&P UK PLC and the operators of those flights.
2. This exemption came into force on 8 June 2018.

Civil Aviation Authority
8 June 2018

Exemption – Flying Without Fear Limited

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) REGULATIONS 2012, EXEMPTION PURSUANT TO REGULATION 11

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts Flying Without Fear Limited ("FWF") of 259 Otley Road, West Park, Leeds, West Yorkshire, LS16 5LQ, from the need to hold an Air Travel Organiser's Licence in circumstances where:
   a) FWF makes available flight accommodation as part of the Virgin Atlantic Flying Without Fear course programme; and
   b) FWF's promotional material for the Virgin Atlantic Flying Without Fear course programme includes a statement that clients' payments for the programme are not ATOL Protected.
2. This exemption came into force on 30 April 2012.

David Moesli
for the Civil Aviation Authority
5 April 2012

Exemption – J4 Mobility section / RAF Regt.

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) REGULATIONS 2012, EXEMPTION PURSUANT TO REGULATION 11

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts the J4 Mobility section of the Royal Air Force Regiment Force Protection Force Headquarters, of RAF Honington, Bury St Edmunds, Suffolk, IP31 1EE ("J4 Mobility"), from the need to hold an Air Travel Organiser's Licence in circumstances where J4 Mobility is arranging air travel for military and civilian personnel travelling on the official business of the Ministry of Defence.
2. This exemption came into force on 30 April 2012.

David Moesli
for the Civil Aviation Authority
5 April 2012

Exemption – Traveleyes Ltd

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) REGULATIONS 2012 AS AMENDED, EXEMPTION PURSUANT TO REGULATION 11

1. The Civil Aviation Authority, in exercise of its powers under Regulation 11(2) of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012, as amended ("the regulations"), exempts Traveleyes Ltd of PO Box 511, Leeds, LS5 3JT, from the requirement to supply an ATOL Certificate under Regulation 17 where:
   a) Traveleyes Ltd, ATOL 6600, makes available flight accommodation as a component of a package direct to any consumer; and
   b) Traveleyes Ltd supplies (as an alternative to an ATOL Certificate) a certificate to the consumer by the specified method in a form and content that have been approved by the Civil Aviation Authority.
2. This exemption came into force on 15 January 2013.
3. In this exemption:
   a) the terms "ATOL Certificate", "consumer", "flight accommodation" and "package" have the same meanings as in the Regulations; and
   b) "specified method" means any method specified in regulation 18 of the Regulations for the supply of an ATOL Certificate under regulation 17 but as if references in regulation 18 to an ATOL Certificate meant a certificate supplied under this exemption instead.

David Moesli
For the Civil Aviation Authority
15 January 2013

Exemption – easyJet Airline Company Limited, easyJet Europe Airline GMBH, easyJet Switzerland S.A. and easyJet UK Limited.

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) REGULATIONS 2012 AS AMENDED, EXEMPTION PURSUANT TO REGULATION 11

1. Subject to paragraph 6, the Civil Aviation Authority, in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts any person who makes available flight accommodation in the circumstances set out in paragraph 2, 3 or 4 from the need to hold an Air Travel Organisers' Licence.

2. This exemption applies if:

   a) the person making available flight accommodation to the consumer directly (e.g. through website, mobile application or telephone sales) is easyJet Airline Company Limited ("EACL");

   b) EACL purchases the flight accommodation from the operator of the aircraft on which the flight accommodation is made available and the operator is one of either easyJet Europe Airline GmbH, easyJet Switzerland S.A. or easyJet UK Limited (each "an easyJet airline");

   c) Immediately after the consumer pays a deposit or the full cost of the flight accommodation charged by the easyJet airline and/or EACL to the consumer, the easyJet airline (through EACL) immediately issues a confirmed ticket to the consumer;

   d) each easyJet airline enters into and maintains in force an undertaking, in a form agreed by the CAA, that tickets made available via EACL will be honoured whether or not the relevant easyJet airline has been paid; and

   e) EACL states clearly on all invoices and receipts issued in respect of that flight accommodation: - "This sale is not protected under the ATOL Scheme".

3. Additionally, this exemption applies if:

   a) the person making available flight accommodation is making it available to a consumer and that person is an Authorised Party (as defined and listed in paragraph 5) or sources the flight accommodation from an easyJet airline (through EACL) using an Authorised Conduit (as defined and listed in paragraph 5);

   b) the person making available flight accommodation pays the full cost of the flight accommodation charged by the easyJet airlines and/or EACL to EACL at the time of purchase (either directly or via an Authorised Conduit);

   c) immediately after the person making available flight accommodation pays a deposit or the full cost of the flight accommodation the easyJet airline (through EACL) immediately issues a confirmed ticket to the person making available

flight accommodation which is immediately provided by that person to the consumer;

d) each easyJet airline enters into and maintains in force an undertaking in a form agreed by the CAA that tickets made available via an Authorised Party or an Authorised Conduit will be honoured whether or not the relevant easyJet airline or EACL has been paid; and

e) the person making available flight accommodation on an easyJet airline states clearly on all invoices and receipts issued in respect of that flight accommodation: - "This sale is not protected under the ATOL Scheme"

4. This exemption also applies to EACL for any flight accommodation it makes available in the circumstances described in paragraph 3.

5. For the purpose of this exemption:

a) an Authorised Party is a person (a) with whom EACL has entered into a written agreement for the distribution of flight accommodation on easyJet airlines who is entitled and able immediately upon payment for the flight accommodation by the consumer to supply a confirmed ticket to the consumer; and (b) who has been notified to the CAA in writing, within 3 months of entering into the written agreement.

b) an Authorised Conduit is a person (a) with whom EACL has entered into a written agreement for the distribution of flight accommodation on easyJet airlines who is entitled and able immediately upon payment for the flight accommodation by the consumer to supply a confirmed ticket to the consumer (via persons using its services); and (b) who has been notified to the CAA in writing, within 3 months of entering into the written agreement.

6. This exemption does not apply if:

a) the flight accommodation is made available as part of a package;

b) the easyJet airline states in its terms of business, or anywhere, that it reserves the right to refuse to carry a person that purchased flight accommodation on aircraft it operates other than direct from its website or where that flight accommodation was made available by a person other than the easyJet airline or EACL or an Authorised Party.

7. This exemption came into force on 3 July 2018.

Civil Aviation Authority
2 July 2018

Exemption – Booking.com BV.

THE CIVIL AVIATION (AIR TRAVEL ORGANISERS' LICENSING) REGULATIONS 2012, EXEMPTION PURSUANT TO REGULATION 11

1. Subject to paragraph 2 below, the Civil Aviation Authority ("**CAA**"), in exercise of its powers under Regulation 11 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 as amended, exempts Booking.com B.V. ("**Booking.com**") of Oosterdokskade 163, Amsterdam, Noord-Holland, 1011 DL, from the need to hold an Air Travel Organiser's Licence in circumstances where:

   a) Booking.com meets the terms of the Flight-Only Ticket Fully Paid Exemption save as modified in b below; and

   b) A flight reservation system provider pays the full cost of the flight accommodation charged by the operator to the operator at the time of purchase and is subsequently reimbursed this cost by Booking.com, Booking.com shall: (i) enter into an undertaking in terms agreed by the CAA; and (ii) maintain at all times a bond in favour of the flight reservation system provider in a form and value which complies with the terms of such undertaking (the "**Bond**").

2. This exemption came into force on 1 March 2024.

Civil Aviation Authority
01 March 2024

1.3 ATOL Regulation 19: Form and content of an ATOL Certificate

FORM AND CONTENT OF AN ATOL CERTIFICATE

1. In accordance with ATOL Regulation 19(2) the requirements as to the form and content of an ATOL Certificate are at the end of this document (as applicable).

See the end of this document for:

1. Package (Single-Contract) ATOL Certificate plus an optional blank page

2. Package (Multi-contract) ATOL Certificate plus an optional page 2 and an optional blank page.

3. Flight-Only ATOL Certificate plus an optional blank page.

4. Flight Inclusive Day Trip ATOL Certificate

1.4 ATOL Regulation 22: Schedule of Agency Terms

Schedule of Agency Terms to be included in a written agency agreement between an ATOL holder and its agent

In accordance with ATOL Regulation 22 the schedule of terms to be included in a written agency agreement which the ATOL holder must include in any agency agreement with its agents is:

AGREEMENT BETWEEN [NAME OF AGENT] AND [NAME OF ATOL HOLDER/ ATOL NUMBER] APPOINTING [NAME OF AGENT] AS [NAME OF ATOL HOLDER'S] AGENT PURSUANT TO ATOL REGULATIONS 12 AND 22 ON [DATE]

Definitions

The definitions used in this agreement have the same meaning as those used in the ATOL Regulations 2012 (as amended).

Additionally, 'Licensable Transaction' means an offer made by a consumer (or their agent) to purchase flight accommodation for one or more persons on a flight which is accepted by an air travel organiser and constitutes an activity in respect of which that air travel organiser is required to hold an ATOL.

Duration of Agreement

Agency Terms 3, 5, 8, 9 and 13 remain binding on the agent even if the principal ATOL holder has failed.

Extent of obligations

The obligations of all parties to this agreement extend only to the parties' conduct in respect of licensable transactions.

Priority of Agency terms published by CAA

Pursuant to AST 2.2 and Agency Term 1 no agency term negotiated between the principal ATOL holder and the agent may contradict or purport to contradict the CAA's mandated terms and any that do so will be void.

Agency Term 1

By making available flight accommodation to consumers in the capacity of an agent, in accordance with ATOL Regulations 9, 10 and 12 the agent is deemed to have agreed to the terms of the written agency agreement between the principal ATOL holder and its agent.

The terms of the agency agreement include terms mandated by the CAA to be agreed between principal ATOL holders and agents for principal ATOL holders making available flight accommodation as agents of that principal ATOL holder.

Principal ATOL holders and agents cannot agree, whether in writing, by conduct or otherwise, any terms which contradict, or purport to contradict the terms mandated by the CAA. The agent must keep a copy of this agency agreement for the period it is in force and for 12 months after it expires or is terminated.

Agency Term 2.1

Agents must comply with ATOL Standard Term 1 as if they applied directly to the agent (as applicable) and any requirements to set out the principal ATOL holder's name and number should be read as requirements to set out the principal's name and ATOL number.

For the avoidance of doubt, agents are not permitted to use the ATOL logo without the permission of the CAA.

Agency Term 2.2

The agent must at all times identify the selling, protecting principal ATOL holder on all publicity material (including websites and brochures) that identify a flight or flight inclusive package which the agent is holding out it can make available to consumers.

Agency Term 2.3

Where the agent produces a receipt for money paid by a consumer the agent must identify which part of that money is protected by the principal ATOL holder's ATOL and which, if any, is not.

Agency Term 3

The agent will, if requested by the CAA, report to the principal ATOL holder the unique reference number of each ATOL Certificate supplied by it, along with the corresponding ATOL holder's reference number, where it acts as agent for the principal ATOL holder and where the transaction with the consumer was a Flight-Only or a package. If requested to do so by the CAA at any time, and including after the failure of the principal ATOL holder, the agent will provide this information to the CAA.

Agency Term 4

The agent will provide any information requested by the principal ATOL holder necessary to enable the principal ATOL holder to comply with the ATOL Standard Terms or any term of its ATOL.

Agency Term 5

Any payment received by the agent from consumers, for services owed by the principal ATOL holder to the consumer, is received and held by the agent on behalf of and for the benefit of the Trustees of the Air Travel Trust but subject to the agent's right and obligation to make payment to the principal ATOL holder for so long as the principal ATOL holder does not fail. If the principal ATOL holder fails, the agent confirms it will continue to hold consumer payments on behalf of the Trustees of the Air Travel Trust and without any right or obligation to pay the same to the principal ATOL holder.

Agency Term 6.1

Where an agent makes available flight accommodation as the agent of a principal ATOL holder, the agent must ensure an ATOL Certificate is supplied to the consumer immediately and in accordance with ATOL Regulation 17, regardless of whether the ATOL Certificate is produced by the principal ATOL holder or produced by the agent on behalf of the principal ATOL holder.

However, if an agent organises a package which includes that flight accommodation, the agent must immediately supply a package ATOL Certificate to the consumer in the agent's own name.

Agency Term 6.2

Where an agent makes available a package as agent of a principal ATOL holder, the agent must additionally obtain a Confirmation (see AST 1.11) from the ATOL holder and, once obtained, pass it immediately to the consumer by the method set out below.

Where an agent receives any revised Confirmation from the principal ATOL holder, it will immediately pass it to the consumer by the method set out below.

Note: The method for the supply of a Confirmation means:

a) in the case of a consumer who is present at the time the agent receives the Confirmation, immediately handing it to that consumer or sending it to that consumer by electronic communication;

b) in the case of a consumer who is not present at the time the agent receives the Confirmation, immediately sending it to that consumer by electronic communication or by post.

Agency Term 7

When accepting payments in respect of transactions the agent would need an ATOL to transact if the agent were not the agent of the principal ATOL holder, agents may only accept payment from consumers as defined in the ATOL Regulations 2012.

Agency Term 8

Immediately upon the failure of the principal ATOL holder, the agent will provide the CAA with information on:

a) money paid to it by consumers, in respect of services to be provided for future travel by the principal ATOL holder to consumers; and

b) the ATOL Certificate unique reference numbers issued by that agent which apply to that failed ATOL holder, in a form acceptable to the CAA.

Agency Term 9

The rights of the CAA and the Trustees of the Air Travel Trust to enforce any obligations under this agreement on either party are not excluded. For the avoidance of doubt, they may be enforced by the CAA and the Trustees of the Air Travel Trust.

Agency Term 10 [*Note: the agency agreement must contain either Agency Term 10A or 10B not both]*

EITHER:

A: An agent is not permitted to appoint a sub-agent to perform its obligations as an agent of the principal ATOL holder on the agent's behalf

OR:

B: The agent may appoint a sub-agent to perform its obligations as the ATOL holder's agent and to bind the principal ATOL holder into obligations with consumers or buying ATOL holders. However, the agent may only do so if it enters the ATOL holder into a written agency agreement that contains all the rights and obligations in the agreement that are required by the CAA and published in the CAA's Official Record Series 3. Any sub-agent of the agent that does not have the benefit of a written agency agreement with the ATOL holder is not authorised to act on the ATOL holder's behalf. As a consequence, the agent will be responsible to the consumer (or buying ATOL holder) for any acts or omissions of the sub-agent.

Note: *In these circumstances, as well as the agent being liable to the consumer as a principal, both the 'agent' and 'sub-agent' would be acting in breach of the ATOL Regulations 2012.*

Agency Term 11

If a new or revised Schedule of Agency Terms is published by the CAA in its Official Record Series 3 those new or revised terms will immediately take effect and must be included in the terms of the agency agreement between the principal ATOL holder and the agent within 3 calendar months of the publication date.

Note*: a written agency agreement will be deemed to be compliant with ATOL Regulation 22(2)(c) provided that it contains all relevant parts of the schedule of agency terms published by the CAA in its Official Record Series 3 within 3 calendar months of the publication date.*

Note*: The CAA has published a variation to Agency Term 11 here. The revised Agency Term 11 will come into effect on 1 April 2027.*

Agency Term 12

If the principal ATOL holder fails to comply with its obligations to a consumer and by reason thereof the agent incurs a liability or obligation to the consumer, the agent shall be indemnified by the principal ATOL holder against all consequences following from such a failure.

Agency Term 13

If requested by the CAA the agent will provide any information regarding the principal ATOL holder referred to in AST 4 which it holds to the CAA on demand.

1.5 ATOL Regulation 23: Register of failed ATOL holders

In accordance with ATOL Regulation 23 the CAA publishes a notice of the failure of an ATOL holder in its Register of Failed ATOL holders, which can be viewed at www.atol.org.uk

1.6 ATOL Regulation 31: Requirements for an application for an ATOL or a variation to an ATOL

In accordance with ATOL Regulation 31 the CAA publishes a guide to its policy on the fitness and financial criteria applied to ATOL applicants and holders, which can be viewed at www.atol.org.uk

1.7 ATOL Regulation 33: Requirements for an application for accreditation as an Accredited Body or a variation of such an accreditation

The Accredited Body (AB) concept is designed to implement Better Regulation principles and allow mainly small firms to meet the requirements of the ATOL Regulations 2012 (as amended) under the umbrella of an ATOL holder without the need for their own ATOL. In accordance with ATOL Regulation 33 the requirements for accreditation as an Accredited Body are:

1. An AB will be subject to the normal fitness and financial tests applied to Standard ATOL holders (that is an ATOL holder that is not a Small Business ATOL holder).
2. In order to qualify as an AB, the CAA will have to be satisfied of the AB's ability to carry out this function as an AB with particular (but not exclusive) regards to finances, overall governance and supervision of its members (AB members).

Control of client monies

3. The AB must be able to demonstrate sufficient supervision over client monies.

Accreditation of an AB Member

4. The AB must have in place a robust process for accepting new AB members.
5. The AB must be able to demonstrate a strong risk management culture.

Business operations

6. The AB must be able to demonstrate that it has sufficient control over the activities of its AB members.

The CAA publishes guidance on its requirements on an application for accreditation as an Accredited Body at www.atol.org.uk

1.8 ATOL Regulation 40: Schedule of ATOL Standard Terms

Date of Publication: May 2022

Date of Coming into force: May 2022 unless specifically stated otherwise

Introduction

1. This is the schedule of terms referred to in ATOL Regulation 40 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended). It is a condition of each Air Travel Organiser's Licence ("ATOL") granted that the ATOL holder complies with the ATOL Standard Terms. The ATOL Standard Terms may be amended from time to time in accordance with ATOL Regulation 40.
2. The terms specific to each ATOL state the number of passengers to whom flight accommodation may be made available broken down by category of sale. The terms specific to each ATOL may also contain additional terms or restrictions. Nothing in these ATOL Standard Terms authorises any ATOL holder to make available flight accommodation to any person other than as specifically authorised by the terms of its ATOL.
3. If an ATOL holder fails to comply with any of these ATOL Standard Terms ("ASTs") its ATOL may be suspended, varied or revoked under ATOL Regulation 35. The CAA may also commence enforcement action under civil or criminal law.

Definitions

4. Unless otherwise stated, phrases used in the ATOL Standard Terms have the same meaning as those terms in:
   a) the ATOL Regulations 2012 (as defined below);
   b) the ATT Regulations 2007, (as defined below);
   c) the ATT Deed (as defined below); and
   d) each ATOL holder's licence document.

   However, to assist in reading these ATOL Standard Terms, the relevant definitions from these sources are also included within the definitions set out below:

   - 'AB member' means a person who acts as a member of an Accredited Body;
   - 'agent' means a person acting as an agent for an ATOL holder, in compliance with ATOL Regulation 12;
   - APC' means ATOL Protection Contribution;
   - Accredited Body' means an ATOL holder accredited by the CAA as an Accredited Body under ATOL Regulation 33;
   - 'ATOL' means an Air Travel Organiser's Licence granted by the CAA;
   - 'ATOL-ATOL transaction' means making available flight accommodation to another ATOL holder other than in circumstances where the other ATOL holder is the ATOL holder's agent;
   - 'ATOL Certificate' means a document in the form published from time to time by the CAA in its Official Record pursuant to ATOL Regulation 19 which must be supplied pursuant to ATOL Regulation 17;

- 'ATOL holder' means a person who holds an Air Travel Organiser's Licence granted by the CAA under the ATOL Regulations 2012 and includes those that hold an SBA, a Trade ATOL, and a Franchise Member ATOL;
- 'ATOL holder's Group' means parent undertakings, subsidiary undertakings, joint ventures and associated undertakings of the ATOL holder. The term 'associate' is defined in the Companies Act 2006;
- 'ATOL Regulations 2012' means the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended);
- 'ATT Deed' means The Air Travel Trust Deed dated 5 January 2004 (as amended);
- ATT Regulations 2007' means the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007 (as amended);
- 'consumer' includes a traveller and means an individual who:
  a) makes use of flight accommodation for travel in person or provides it to another person who uses that flight accommodation for travel in person;
  b) intends to make use of flight accommodation for travel in person or intends to provide it to another person to use that flight accommodation for travel in person; or
  c) makes use of flight accommodation for travel in person which has been provided to them by a person who is a consumer by reason of paragraph A; but is not a person who procures flight accommodation in the course of business and while acting as the agent of another person who uses that flight accommodation for travel in person.
- 'Fails, Failure, Failed' has the meaning, in respect of an ATOL holder, prescribed in ATOL Regulation 23;
- 'flight accommodation' means accommodation for the carriage of a person on a flight by an aircraft (whether or not registered in the UK) in any part of the world;
- 'Franchise Member ATOL holder' means the holder of an ATOL who is a member of an ATOL holder that has entered into a Franchise Agreement with the Air Travel Trust;
- 'gross invoice value' means monies received or expected to be received from a consumer before the first leg of their trip is due to commence;
- 'Licensable Transaction' means an offer made by a consumer (or their agent) to purchase flight accommodation for one or more persons on a flight which is accepted by (i) an air travel organiser; or (ii) where an ATOL is held by an Accredited body, a member of that Accredited Body, and constitutes an activity in respect of which that air travel organiser or Accredited Body is required to hold an ATOL;
- 'package' is defined in the ATOL Regulation. Packages can be organised as Single-contract Packages or Multi-contract Packages. 'Single-contract Packages' are those under which the consumer has the benefit of one contract with the organiser for all the travel services that are part of the package. 'Multi-contract Packages' are those where the consumer has more than one contract for all the travel services that together are part of the package;'
- 'passenger' means any person due to travel under the terms of a licensable transaction, excluding a child below the age of 2 on the date of original departure who is not allocated a separate seat before boarding an aircraft;

- 'payment period' means a period of a quarter or (as the case may be) of 1 calendar month determined by the CAA to be applicable to a class of ATOL holder, or to a particular ATOL holder, in accordance with ATT Regulation 6 and published in Section 2 of the CAA's Official Record Series 3;
- 'related party' means a person who has links with the ATOL holder through common shareholders, directors, partners or where there are significant levels of trading or financial links. "Related to the ATOL holder" shall be interpreted accordingly;
- 'reporting period' means the payment period applicable to the ATOL holder determined by ATT Regulation 6 and published in Section 2 of the CAA's Official Record Series 3;
- 'Small Business ATOL holder' or 'SBA holder' means a person who holds a Small Business ATOL, as defined in the ATT Regulations 2007 (as amended);
- 'Standard ATOL holder' means any ATOL holder who is not an SBA holder;
- 'traveller' is defined in ATOL Regulation 4(1);
- 'travel service' is defined in ATOL Regulation 4(1).

Scope

5. Standard terms that apply to the making available of flight accommodation, apply equally to the procuring of flight accommodation on behalf of a consumer in circumstances where ATOL Regulation 9A (1) applies, and to facilitating the making available of flight accommodation by another person in circumstances where ATOL Regulation 9B (1) applies.

ATOL Standard Term 1 - Providing information to consumers before and after sale
Information in Publicity Material
Where all the services available are ATOL protected

AST1.1

The ATOL holder must (and the ATOL holder must ensure that its agents* and AB members) ensure that:

a) the name shown on its ATOL (or a trading name notified to the CAA), its ATOL Number and the ATOL Logo; or

b) for Accredited Body Members, the statement "(Accredited Body Member trading name as notified to the CAA) is an Accredited Body Member of (Name of Accredited Body)", and the Accredited Body's ATOL number and the ATOL logo; and

c) the Statement:

"All the flights and flight-inclusive holidays in this brochure/on this website (delete as appropriate) are financially protected by the ATOL scheme. When you pay you will be supplied with an ATOL Certificate. Please ask for it and check to ensure that everything you booked (flights, hotels and other services) is listed on it. Please see our booking conditions for further information or for more information about financial protection and the ATOL Certificate go to: www.caa.co.uk

is stated clearly on all publicity material (including websites and brochures).

**** with the exception of the use of the ATOL logo***

Where some but not all of the services available are ATOL protected

AST1.2

The ATOL holder must (and the ATOL holder must ensure that its agents* and AB members) ensure that:

a) the name shown on its ATOL (or a trading name notified to the CAA), its ATOL Number and the ATOL Logo; or

b) for Accredited Body Members, the statement "(Accredited Body Member trading name as notified to the CAA) is an Accredited Body Member of (Name of Accredited Body)", and the Accredited Body's ATOL number and the ATOL logo; and

c) the Statement:

"Some of the flights and flight-inclusive holidays in this brochure/on this website (delete as appropriate) are financially protected by the ATOL scheme. But ATOL protection does not apply to all holiday and travel services listed in this brochure/on this website (delete as appropriate). This brochure shows you the protection that applies in the case of each holiday and travel service offered. This website will provide you with information on the protection that applies in the case of each holiday and travel service offered before you make your booking. (delete as appropriate) If you do not receive an ATOL Certificate then the booking will not be ATOL protected. If you do receive an ATOL Certificate but all the parts of your trip are not listed on it,

those parts will not be ATOL protected. Please see our booking conditions for information, or for more information about financial protection and the ATOL Certificate go to: www.caa.co.uk"

is stated on all publicity material (including websites and brochures).

**** with the exception of the use of the ATOL logo.***

AST1.3

ATOL holders that advertise ATOL protected services to UK consumers must, unless the CAA agrees an alternative that achieves equivalent consumer clarity, ensure that the advert contains reference to ATOL protection.

Information to be provided to customers before a contract is concluded

AST 1.4A

Wherever a consumer is invited to choose from a service that is ATOL protected or is available to be combined into an ATOL protected service the ATOL holder must (and the ATOL holder must ensure that its agents and AB members) ensure that the consumer is made aware, by means of information displayed clearly and transparently and in close proximity to the display of the price of the service, that the service is ATOL protected.

Where that licensable transaction constitutes a Single-contract Package this information must be provided as soon as the consumer is invited to choose that package. Where that licensable transaction constitutes a Multi-contract Package this information must be provided as soon as the selections made by the consumer mean that the consumer is being invited to choose that package. Where that licensable transaction is a Flight-Only, this information must be provided as soon as the consumer has selected a date, origin and destination of a flight or flights.

AST1.4B

Wherever a consumer is invited to choose from a service that is ATOL protected or is available to be combined into an ATOL protected service, the ATOL holder must (and the ATOL holder must ensure that its agents and AB members) ensure that the consumer is made aware, where this information is known to the ATOL holder at the time:

a) flight dates and departures and arrival times
b) departure and arrival airports (including any connecting airport if the flight is indirect);
c) whether the flight is direct or indirect;
d) the name of the airline;
e) whether hold luggage forms part of the ATOL protected booking;
f) whether transfer services form part of the ATOL protected package; and
g) details, including price, of extra hold luggage allowance or transfer services that can also be purchased.

This information must be displayed clearly, transparently and prominently. ATOL holders are responsible for ensuring that its agent and AB members comply with this term.

Where that licensable transaction constitutes a Single-contract Package this information must be provided as soon as the consumer is invited to choose that package. Where that licensable transaction constitutes a Multi-contract Package this information must be provided as soon as the selections made by the consumer mean that the consumer is being invited to choose that

package. Where that licensable transaction is a Flight-Only, this information must be provided as soon as the consumer has selected a date, origin and destination of a flight or flights.

AST 1.4C

As soon as reasonably practicable and in any event before a consumer concludes their offer to buy an ATOL protected service or services the ATOL holder must (and the ATOL holder must ensure that its agents and AB members) ensure that the consumer is made aware, by means of information displayed clearly transparently and prominently, that the service is ATOL protected and the name of the ATOL holder (or its trading name notified to the CAA) and its ATOL number.

Where that licensable transaction constitutes a Single-contract Package this information must be provided as soon as the consumer is invited to choose that package. Where that licensable transaction constitutes a Multi-contract Package this information must be provided as soon as the selections made by the consumer mean that the consumer is being invited to choose that package. Where that licensable transaction is a Flight-Only, this information must be provided as soon as the consumer has selected a date, origin and destination of a flight or flights.

AST1.4D

When an ATOL holder advertises travel services through a website operated by a third party the ATOL holder must ensure that the information required by ASTs 1.4A, 1.4B and 1.4C is provided to the consumer as soon as the consumer was invited to choose those travel services and in any event before the contract with the consumer is concluded.

ATOL holder's terms and conditions of booking, information relating to payment requests (Invoices) and information relating to payment acknowledgment (Receipts)

AST1.5

The ATOL holder (or its agent or AB member on its behalf) must ensure that:

a) the terms and conditions upon which the ATOL holder enters into a licensable transaction;

b) the terms and conditions which the ATOL holder holds out as terms upon which it will enter into a licensable transaction; and

c) any receipts or invoices supplied by the ATOL holder for a licensable transaction

each contain the ATOL holder's name as shown on its ATOL (or trading name notified to the CAA), ATOL Number and a statement in the following form:

"Your Financial Protection. When you buy an ATOL protected flight or flight inclusive package from us you will receive an ATOL Certificate. This lists what is financially protected, where you can get information on what this means for you and who to contact if things go wrong."

Where an ATOL holder produces a receipt for money paid by a consumer the ATOL holder must identify which part of that money is protected by ATOL and which, if any, is not.

ATOL Certificates – changes to information

AST1.6

Where the information entered on an ATOL Certificate changes more than 72 hours before the consumer is due to travel, the ATOL holder must (and the ATOL holder must ensure that its agents and AB members) supply a new ATOL Certificate containing the up to date information to the consumer as soon as possible and update this information on its business systems.

Where the information entered on an ATOL Certificate changes less than 72 hours before the consumer is due to travel, the ATOL holder must (and the ATOL holder must ensure that its agents and AB members) update and record those changes on their business systems.

Agreement with Consumer about form of ATOL protection

AST1.7A

The following term applies where the ATOL holder has a contractual or statutory obligation (including as an organiser of a package) to provide a flight (and where applicable other travel services) to a consumer whether concluded direct or through an agent or AB member.

The ATOL holder must ensure the terms of its agreements with its consumers requires the consumer to accept and agree that if the ATOL holder fails, services to be provided by the ATOL holder pursuant to a licensable transaction may, with the CAA's prior agreement, be provided by another ATOL holder or the consumer may be required to claim a refund under the ATOL scheme. The following wording should be included in the ATOL holder's terms of business with consumers;

"We, or the suppliers identified on your ATOL Certificate, will provide you with the services listed on the ATOL Certificate (or a suitable alternative). In some cases, where neither we nor the supplier are able to do so for reasons of insolvency, an alternative ATOL holder may provide you with the services you have bought or a suitable alternative (at no extra cost to you). You agree to accept that in those circumstances the alternative ATOL holder will perform those obligations and you agree to pay any money outstanding to be paid by you under your contract to that alternative ATOL holder. However, you also agree that in some cases it will not be possible to appoint an alternative ATOL holder, in which case you will be entitled to make a claim under the ATOL scheme (or your credit card issuer where applicable)."

Prohibition on transferring obligations under agreements with consumers without agreement of the CAA

AST 1.7A2

Other than the clause required as set out in AST1.7A, the ATOL holder must not include a clause in its terms of its agreement with consumers that enables, or purports to enable, the ATOL holder to transfer its obligations to consumers in respect of a licensable transaction to another person (whether or not that person is an ATOL holder) without the prior agreement of the CAA.

Agreement with consumers of assignment of the consumer's claim where the consumer receives a benefit from the Air Travel Trust

AST1.7B

The following term applies where the ATOL holder has a contractual or statutory obligation (including as an organiser of a package) to provide a flight (and where applicable other travel services) to a consumer whether concluded direct or through an agent or AB member.

The ATOL holder must ensure the terms of its agreement with the consumer require the consumer to accept and agree that, if the ATOL holder fails and the consumer receives a payment or benefit under the ATOL scheme, then receipt of such payment or benefit from the Trustees of the Air Travel Trust is in return for assignment absolutely of the consumer's claim against the ATOL holder.

The following wording should be included in the ATOL holder's terms of business with consumers; "If we, or the suppliers identified on your ATOL certificate, are unable to provide the services listed (or a suitable alternative, through an alternative ATOL holder or otherwise) for reasons of insolvency, the Trustees of the Air Travel Trust may make a payment to (or confer a benefit on) you under the ATOL scheme. You agree that in return for such a payment or benefit you assign absolutely to those Trustees any claims which you have or may have arising out of or relating to the non-provision of the services, including any claim against us, the travel agent (or your credit card issuer where applicable). You also agree that any such claims may be re-assigned to another body, if that other body has paid sums you have claimed under the ATOL scheme."

Sales through Agents of ATOL holders or Members of an Accredited Body

AST1.8

ATOL holders that make available flights (including flight-inclusive packages) through agents or (where the ATOL holder is an Accredited Body) its AB members must ensure that their agents and AB members provide the information ATOL holders are required to provide by the terms within ATOL Standard Terms 1 to the consumer.

AST1.9

ATOL holders, their agents and their AB members must insert a Unique Reference number on each ATOL Certificate supplied by them which identifies the ATOL holder's or Accredited Body's Booking Reference(s) of the ATOL Protected elements listed on it.

AST1.10

ATOL holders may not, by their agency terms or any other means, seek to avoid their contractual liability to their consumers if their agent produces an ATOL Certificate incorrectly.

Packages – Confirmation

AST1.11

An ATOL holder that sells a package (whether direct or via an agent or AB member) must produce a 'Confirmation'. The Confirmation must contain:

- Lead name;
- Flight times;
- Flight numbers;
- Departure and arrival airports;
- Name of Air Carrier (i.e. airline);
- Name and location of accommodation;
- Other ground arrangements e.g. car hire, transfer, tours, entrance tickets;
- Total price of package;
- The unique reference number of the relevant ATOL Certificate

except to the extent that these have already been given to the consumer pursuant to the organiser's obligations under the Package Travel and Linked Travel Arrangements Regulations 2018.

Where an ATOL holder sells a package via an agent or AB member, whether or not that agent or AB member organises its own package incorporating that package, or facilitates a Linked Travel Arrangement incorporating that package, the ATOL holder must supply the Confirmation to the agent or AB member, who must supply it to the consumer.

The Confirmation must be sent to the consumer in order that it is received within 3 days of payment by the consumer being accepted.

AST1.12

If any of the information on the 'Confirmation' changes, the ATOL holder must produce a revised Confirmation which must be received by the consumer as soon as possible. The Confirmation must make it clear that it is a revised Confirmation.

Status of money held by Agents of ATOL holders and Members of Accredited Bodies

AST1.13

ATOL holders must ensure that it is a term of their agreement with their consumer, that:

a) money accepted by their agent or AB member from the consumer is held by that agent or AB member on behalf and for the benefit of the Trustees of the Air Travel Trust at all times, but subject to the agent or AB member's obligation to pay it to the ATOL holder for so long as the ATOL holder does not fail; and

b) if the ATOL holder fails, any money held at that time by the agent or AB member, or subsequently accepted from the consumer by their agent or AB member, is and continues to be held by that agent or AB member on behalf of and for the benefit of the Trustees of the Air Travel Trust without any obligation to pay that money to the principal ATOL holder.

ATOL Standard Term 2 - Providing information to the trade

Documentation required for an ATOL to ATOL transaction

AST2.1

When agreeing to sell a flight sold on an ATOL-ATOL basis, the supplying ATOL holder must produce and supply an 'ATOL-ATOL Supplier invoice' containing the following words in a prominent position:

"This is an ATOL to ATOL transaction to [purchasing ATOL holder's name and ATOL number]. This invoice is not to be passed to a consumer and there is no ATOL protection provided. The flight(s) are made available for resale under the ATOL of [purchasing ATOL holder's name and ATOL number]."

Document required when appointing an agent

AST2.2

When appointing an agent (in accordance with ATOL Regulations 10,12 and 22) ATOL holders must send a written agency agreement (either in hard copy or electronically) to the proposed agent. This agreement must contain all the terms of the agreement between the principal ATOL holder and the agent, including the terms mandated by the CAA and published in the CAA's Official Record Series 3 pursuant to ATOL Regulation 22. If new or revised terms are published by the CAA (in the CAA's Official Record Series 3) such terms immediately take effect as terms of the agreement between the ATOL holder and the agent and the ATOL holder must incorporate those new or revised terms in their written agency agreements within 3 calendar months of publication date. No terms negotiated between the principal ATOL holder and the agent may contradict or purport to contradict the CAA's mandated terms. Any that do will be void.

***Note**: The CAA has published a variation to AST2.2. The revised AST2.2 will come into effect on 1 April 2027.*

AST2.3

An ATOL holder may prohibit its agent from appointing another person to carry out its obligations to the ATOL holder (a sub-agent). Where the ATOL holder permits an agent to confer authority to bind the principal into obligations with consumers, or other ATOL holders, onto a sub-agent the ATOL holder must permit and require its agent to enter it into a written agency agreement with the sub-agent in equivalent terms to the written agency agreement the agent has with the ATOL holder. In the absence of a written agency agreement between the ATOL holder and the sub-agent, the sub-agent may not make available flight accommodation as agent of the ATOL holder.

ATOL Standard Term 3 - Providing information to the CAA

Definitions applicable to AST 3

"ATOL Holder's ARA" means an ARA that has entered into the CAA Standard ARA-ATOL Terms of Engagement with an ATOL holder.

"**ATOL Reporting Accountant**" or "**ARA**" means an accountant designated by a professional accountancy body.

"**ATOL Reporting Accountant Scheme**" or "**ARA Scheme**" means the arrangements and agreements entered into between the CAA and professional accountancy bodies under which (a) the professional accountancy bodies agree to designate their suitable members (in terms of qualifications, expertise, skills, experience and integrity of character) as ARAs and to oversee their designated ARA's:

1. adherence to the duties, competence and standards required by CAA of ARAs set out in the Key Components of the ARA Scheme (which is at Schedule 1 of the professional accountancy body's agreement with the CAA);
2. adherence to the ARA agreed work procedures published in Annex 7, 8 & 9 of the CAA's Requirements for ATOL Reporting Accountants in Official Record Series 3; and
3. manner in which they take into account the PAB's own suggested work procedures for providing an opinion in respect of ATOL licensable revenue;

and (b) the CAA agreed to approve the professional accountancy body to designate their members as ARAs.

"**ARA Scheme Agreement**" means an agreement entered into between the CAA and a professional accountancy body.

"**CAA Standard ARA-ATOL Terms of Engagement**" means standard terms of engagement agreed between the CAA and the PAB and entered into between ATOL holders and their ARAs which must be the terms on which the ATOL holder's ARA has signed reports that will be provided to the CAA. The CAA will not accept reports signed by the ATOL holder's ARA where the ARA and the ATOL holder's agreement do not contain these standard terms. No provisions in the wider terms of the agreement between the ARA and the ATOL holder may seek to vary, amend, override or limit the standard terms.

"**Professional Accountancy Body**" or "**PAB**" means an organisation approved by the CAA to designate and oversee ARAs pursuant to the ARA Scheme. A list of approved PABs is published in CAA's Requirements for ATOL Reporting Accountants in Official Record Series 3 (GN10).

Types of ATOL sale	Subject of ATOL report	SBA	Standard	Franchise Member <£5m ATOL revenue and ≤1,000 pax	Franchise Member <£5m ATOL revenue and >1,000 pax	Franchise Member ≥£5m ATOL revenue
Public	Passengers booked and the gross invoice value	AST3.5	AST3.8 or AST3.10	AST3.13A	AST3.13A	AST3.13

	Passengers departed and the gross invoice value	AST3.6	AST3.9 or ST3.11	AST3.13A	AST3.13A	AST3.13
	Accountants' report	AAR – Part 1	AAR – Part 1	n/a	AAR – Part 2	AAR – Part 1 and 2
Public	Future travel bookings held – passengers and the gross invoice value	AST3.5	AST3.8 or AST3.10	AST3.13A	AST3.13A	AST3.13
ATOL to ATOL	Seats sold	n/a	AST3.15	n/a	n/a	AST3.15
	Accountants' report	n/a	AAR – Part 1	n/a	n/a	AAR – Part 1
Airline Ticket Agent Report	Accountants' report	3039	3039	n/a	n/a	3039
Information from Financial Statements	Financial information	AST3.6A	AST3.9A or AST3.11A	n/a	AST3.15*, data in AAR - Part 2 only without signed ARA report	AST3.13B
	Accountants' report	AAR – Part 2	AAR – Part 2	n/a		AAR – Part 2
As requested	Other specific factual confirmations		Subordinated Loans Cash gift (Sole Traders and Partnerships) Guarantees New share capital/rights issue Bank loan funding Repayment of item post year end Change of ownership			
As requested	Ring fencing confirmations		Financial ring fencing Structural ring fencing			

*The CAA may require this report to be signed off by an ATOL Reporting Accountant and the ATOL holder will be notified when this is required.

Reporting passenger numbers and total invoice values

NOTE:

a) A passenger has departed, within the meaning of these ATOL Standard Terms, on the date the first leg of a flight or flight inclusive trip listed on an ATOL Certificate is due to depart.

b) ATOL holders must report to the CAA in respect of licensable transactions concluded on their behalf by their agent or AB member.

AST3.1

All reports that must be completed by the ATOL holder must be signed by the ATOL holder's Accountable Person.

AST3.2

All reports required to be signed by an ATOL holder's accountant in accordance with these ATOL Standard Terms must be signed by the ATOL holder's ARA: **except**

a) where the CAA requires an audit report on the ATOL holder's statutory accounts as condition of grant, renewal, variation or continuation of the ATOL holder's ATOL, (which must be signed by the ATOL holder's auditor);

b) where the CAA requires an 'accounts compilation report' on the ATOL holder's financial statements as condition of grant, renewal, variation or continuation of the ATOL holder's ATOL; and/or

c) where the CAA requires information pursuant to AST 4.2 (i.e. additional information which can be requested by, and must be provided to, the CAA).

AST3.3

All reports required under the ATOL Standard Terms must identify separately how many of the passengers and how much the gross invoice value were in respect of Flight-Only, Single-contract Packages and Multi-contract Packages (which together comprise Public Sales).

AST3.4

Where the ATOL holder is an Accredited Body all reports due under the terms of ATOL Standard Term 3 must include transactions entered into by its AB members.

Small Business ATOL holder – Report of Passengers Booked

AST3.5

Within 14 days of the end of each quarter, the ATOL holder must inform the CAA in the manner specified by the CAA of:

a) the number of passengers included in licensable transactions booked during the previous quarter; and

b) the gross invoice value in respect of the bookings reported in a).

Future travel bookings reporting

c) the number of passengers included in licensable transactions for all future travel bookings held; and

d) the gross invoice value in respect of the bookings reported in c).

The addition of AST 3.5 (c) and AST 3.5 (d) comes into force 6 months after this publication's date.

Small Business ATOL holder – Report of Passengers Departed

AST3.6

Within 14 days of the end of each quarter the ATOL holder must inform the CAA in the manner specified by the CAA of:

a) the number of passengers included in licensable transactions departed during the previous quarter; and

b) the gross invoice value in respect of the passengers reported in a).

AST3.6A

As part of the application for renewal the ATOL holder must provide financial information extracted from their financial statements in order to populate the required financial information reported in the Annual Accountants Report Part 2.

Small Business ATOL holders – Annual Accountants' Reports Part 1 & 2

AST3.7

Within 9 months of a Small Business ATOL holder's financial period end or its ATOL renewal date, whichever is the earlier, all Small Business ATOL holders must supply to the CAA, in the manner specified by the CAA, a report, signed by the ATOL holder's ATOL Reporting Accountant prepared in accordance with the requirements of Appendix A (Requirements for ATOL Reporting Accountants) confirming:

a) the number of passengers included in licensable transactions booked during each quarter of the licence period;

b) the number of passengers departed during each quarter of the licence period;

c) the gross invoice value in respect of the passengers departed during each quarter of the licence period during the 4 calendar quarters immediately prior to the Small Business ATOL holder's last financial period end or as required in the case of a change to the ATOL holder's financial year end and its ATOL renewal date for the 6 or 18 months immediately prior to the ATOL holder's last financial year end; and

d) the additional financial information requested by ATOL Standard Terms 3.6A.

Standard ATOL holders other than Franchise member ATOL holders – Monthly Report of Passengers Booked

AST3.8

This monthly reporting requirement applies to those ATOL holders whose payment period is 1 calendar month. Those ATOL holders must, within 14 days of the end of each month, inform the CAA, in the manner specified by the CAA, of:

a) the number of passengers included in licensable transactions booked during the previous month;

b) the gross invoice value in respect of the bookings reported in a);

Future travel bookings reporting

c) the number of passengers included in all licensable transactions for all future travel bookings held, broken down by the month those passengers are due to travel, if that month is within the next 12 months, otherwise the number of passengers that are due to travel more than 12 months from the reporting month; and

d) the gross invoice value in respect of the bookings reported in c).

Standard ATOL holders other than Franchise member ATOL holders – Monthly Report of Passengers Departed

AST3.9

This monthly reporting requirement applies to those ATOL holders whose payment period is 1 calendar month. Those ATOL holders must, within 14 days of the end of each month, inform the CAA, in the manner specified by the CAA, of:

a) the number of passengers included in licensable transactions departed during the previous month; and

b) the gross invoice value in respect of the passengers reported in a).

AST3.9A

As part of the application for renewal the ATOL holder must provide financial information extracted from their financial statements in order to populate the required financial information reported in the Annual Accountants Report Part 2.

Standard ATOL holders other than Franchise member ATOL holders – Quarterly Report of Passengers Booked

AST3.10

This quarterly reporting requirement applies to those ATOL holders notified by the CAA that the payment period applicable to them is 1 quarter. Those ATOL holders must, within 14 days of the end of each quarter, inform the CAA, in the manner specified by the CAA, of:

a) the number of passengers included in licensable transactions booked during the previous quarter;

b) the gross invoice value in respect of the licensable transactions reported in a);

Future travel bookings reporting

c) the number of passengers included in licensable transactions for all future travel bookings held; broken down by the quarter those passengers are due to travel, if that quarter is within the next 12 months, otherwise the number of passengers that are due to travel more than 12 months from the reporting quarter; and

d) the gross invoice value in respect of the bookings reported in c).

Standard ATOL holders other than Franchise member ATOL holders – Quarterly Report of Passengers Departed

AST3.11

This quarterly reporting requirement applies to those ATOL holders notified by the CAA that the payment period applicable to them is 1 quarter. Those ATOL holders must, within 14 days of the end of each quarter, inform the CAA, in the manner specified by the CAA, of:

a) the number of passengers departed during the previous quarter; and

b) the gross invoice value in respect of the passengers reported in a).

AST3.11A

As part of the application for renewal the ATOL holder must provide financial information extracted from their financial statements in order to populate the required financial information reported in the Annual Accountants Report Part 2.

Standard ATOL holders other than Franchise member ATOL holders – Annual Accountants' Reports Part 1 & 2

AST3.12

Within 9 months of the ATOL holder's financial period end or its ATOL renewal date, whichever is the earlier, all Standard ATOL holders must provide the CAA, in the manner specified by the CAA, with a report signed by the ATOL holder's ATOL Reporting Accountant prepared in accordance with the requirements of Appendix A (Requirements for ATOL Reporting Accountants) confirming:

a) the number of passengers included in licensable transactions booked during each quarter of the licence period;

b) the number of passengers departed during each quarter of the licence period;

c) the gross invoice value in respect of the passengers departed in each quarter of the licence period during the 4 calendar quarters immediately prior to the ATOL holder's last financial year end or as required in the case of a change to the ATOL holder's financial year end and its ATOL renewal date for the 1 to 6 calendar quarters immediately prior to the ATOL holder's last financial year end; and

d) the additional financial information requested by ATOL Standard Terms 3.9A & 3.11A.

Franchise member ATOL holders – Reporting Requirements

NOTE: ATOL Standard Terms 3.4 to 3.12 do not apply to Franchise Member ATOL holders.

AST3.13

All Franchise Member ATOL holders with a total Authorised Limit of revenue of £5,000,000 and above per year must, within 14 days after the end of each month, inform the CAA, in the manner specified by the CAA, of:

a) the number of passengers included in licensable transactions booked during the licence period;

b) the gross invoice value in respect of the bookings reported in a);

Future travel bookings reporting

c) the number of passengers included in licensable transactions for all future travel bookings held, broken down by the month those passengers are due to travel, if that month is within the next 12 months, otherwise the number of passengers that are due to travel more than 12 months from the reporting month; and

d) the gross invoice value in respect of the bookings reported in c; and

Departed passengers

e) the number of passengers departed during the previous month and the gross invoice value in respect of those passengers.

The addition of AST 3.13 (c) and AST 3.13 (d) comes into force 6 months after this publication's date.

AST3.13A

All Franchise Member ATOL holders with a total Authorised Limit of revenue of below £5,000,000 per year must, within 14 days after the end of each quarter, inform the CAA, in the manner specified by the CAA, of:

a) the number of passengers included in licensable transactions booked during the licence period;

b) the gross invoice value in respect of the bookings reported in a);

Future travel bookings reporting

c) the number of passengers included in licensable transactions for all future travel bookings held;

d) the gross invoice value in respect of the bookings reported in c); and

Departed passengers

e) the number of passengers departed during the previous quarter and the gross invoice value in respect of those passengers.

The addition of AST 3.13A (c) and AST 3.13A (d) comes into force 6 months after this publication's date.

AST3.13B

As part of the application for renewal the ATOL holder must provide financial information extracted from their financial statements in order to populate the required financial information reported in the Annual Accountants Report Part 2.

AST3.14

Franchise member ATOL holders with a total Authorised Limit of revenue of £5,000,000 and above per year – Annual Accountants' Reports Part 1 & 2

Within 9 months of the ATOL holder's financial period end or its ATOL renewal date, whichever is the earlier, all Franchise Member ATOL holders must provide the CAA, in the manner specified by the CAA, with a report signed by the ATOL holder's ATOL Reporting Accountant prepared in accordance with the requirements of Appendix A (Requirements for ATOL Reporting Accountants) confirming:

a) the information provided under ATOL Standard Term 3.13 for the 4 calendar quarters immediately prior to the ATOL holder's last financial year end, or as required in the case of a change to the ATOL holder's financial year end and its ATOL renewal date for the 1 to 6 calendar quarters immediately prior to the ATOL holder's last financial year end; and

b) the additional financial information requested by ATOL Standard Terms 3.13B.

Franchise member ATOL holders with a total Authorised Limit of revenue less than £5,000,000 per year and over 1,000 passengers per year – Annual Accountants' Reports Part 2

Together with its application for renewal the ATOL holder must provide the additional financial information extracted from their financial statements as requested in the Annual Accountant's Report Part 2. On occasion, the CAA may require this report to be signed by an ARA and will notify the ATOL holder accordingly. Other than when notified the report does not need to be signed by an ARA.

ATOL to ATOL transactions - Reporting Requirements

AST3.15

Within 14 days after the end of each reporting period, all ATOL holders whose ATOL authorises this category of sale must inform the CAA, in the manner specified by the CAA,

of the number of seats (whether Flight-Only or combined within a package) sold to other ATOL holders (other than to those ATOL holders in the ATOL holder's group), that departed during that reporting period or a nil return if applicable.

ATOL to ATOL transactions - Annual Accountants' Reports

AST3.16

Within 9 months of the ATOL holder's financial period end or its ATOL renewal date, whichever is the earlier, all ATOL holders with this authorised licence category must provide the CAA with a report signed by the ATOL holder's ATOL Reporting Accountant prepared in accordance with the requirements of Appendix A (Requirements for ATOL Reporting Accountants) confirming the information provided under ATOL Standard Term 3.15 for the 4 calendar quarters immediately prior to the ATOL holder's last financial period, or as required in the case of a change to the ATOL holder's financial year end and its ATOL renewal date for the 1 to 6 calendar quarters immediately prior to the ATOL holder's last financial year end in the manner specified by the CAA,.

ATOL Standard Term 4 - Reporting business and financial information to the CAA

AST4.1 - Material Information Provision Obligation

In addition to the specific information provision terms within AST 4, the ATOL holder must promptly provide to the CAA (whether requested by the CAA or not) any information the CAA should reasonably expect to know, taking into account the CAA's statutory functions under the ATOL Regulations and its functions as agent for the Trustees of the Air Travel Trust and administrator of the ATOL Scheme providing repatriation and refunds to consumers of failed ATOL holders. Without limitation to the obligation above, this information should include any information that is likely to have a material impact on the financial resources, financial arrangements or the operation of the ATOL holder or the ATOL holder's group.

Reporting of financial information

AST4.2

If requested by the CAA, (and within the time frame, to the extent and in the form specified by the CAA), the ATOL holder must provide all documents and information relating to the financial affairs and resources of the ATOL holder, the ATOL holder's group or related parties to the CAA. Examples of such documents and information are set out below, but ATOL holders must produce any document relevant to the financial affairs and resources of the ATOL holder, the ATOL holder's group or related parties when requested to do so by the CAA:

a) business plans including financial projections, cash flow statements, liquidity plans and details of any financing arrangements;

b) management accounts on a weekly, monthly or quarterly basis (or on a frequency requested by the CAA) including balance sheet, profit and loss and cash flow statements in the form requested by the CAA;

c) audited accounts; and

d) control and risk management systems.

Notification of material events or operational changes

AST4.3

The ATOL holder will immediately inform the CAA if the ATOL holder becomes aware that it, the ATOL holder's group, or a related party is the subject of an investigation whose findings, if these were unfavourable to the ATOL holder or the ATOL holder's group, would have a material impact on the financial resources of the ATOL holder or the ATOL holder's group.

Where an investigation has commenced, if requested by the CAA, the ATOL holder must:

a) disclose any findings or report to the CAA;

b) instruct (or use its reasonable endeavours where it has no power to instruct) that third party to disclose any findings or report to the CAA; and/or

c) consent to the third party disclosing any findings or report(s) to the CAA on demand;

whether those findings or the report(s) have been finalised or are in draft.

AST4.4

If the ATOL holder or the ATOL holder's group commissions a report, or becomes aware of a report that any third party has produced or is in the process of producing a report relating to, or commenting on, the financial position of the ATOL holder or the ATOL holder's group, the

ATOL holder must notify the CAA within 3 working days of the relevant event listed above and, if so requested by the CAA, must:

a) disclose the report or any draft to the CAA; and/or,

b) instruct (or use its reasonable endeavours where it has no power to instruct) that third party to disclose the report or any draft to the CAA; and/or

c) consent to the third party disclosing the report or any draft to the CAA on demand.

AST4.5

If the ATOL holder or the ATOL holder's group (or, where applicable the Directors and Officers of any of those undertakings) seeks, or is advised to seek, advice from an insolvency practitioner or any other person relating to the ATOL holder's or ATOL holder's group's financial position or ability to continue to trade, the ATOL holder must inform the CAA within 3 working days.

AST4.6

The ATOL holder must inform the CAA in writing within 3 working days if it or the ATOL holder's group is served with a claim for, or receives a letter before action in relation to a claim for, more than 5% of the ATOL holder's licensed annual turnover or an amount that would have a material impact on the ATOL holder's or the ATOL holder's group's liquidity or profitability and/or which may require material changes to the ATOL holder's, the ATOL holder's group's or related party's business and/or financial arrangements.

AST4.7

If the ATOL holder uses a Payment Services Provider, the ATOL holder must inform the CAA of any changes to the terms of its agreement with the Payment Services Provider other than changes to interest rates where the change of rate is less than 1% within 3 working days of the change. If the ATOL holder changes its Payment Services Provider, it must inform the CAA of this within 3 working days.

AST4.8

CAA approval of changes in ownership and control

All ATOL holders (including franchise member ATOL holders) must obtain approval from the CAA to vary the terms of their ATOL before a shareholder or group of shareholders acquires more than 20% of the issued share capital or gains significant influence over the ATOL holder or the ATOL holder's group. The ATOL holder must inform the CAA as soon as a decision has been made, or becomes aware that a decision has been made, of a potential shareholder or group of shareholders to acquire more than 20% of the issued share capital or gaining significant influence over the ATOL holder or the ATOL holder's group. The ATOL holder must submit an application to vary their ATOL and any other information and documentation relevant to the CAA consideration of its approval that the CAA needs, at its absolute discretion, in order to assess the potential implications for the resources and financial arrangements of the ATOL holder or the ATOL holder's group.

AST4.9

Notification of changes in financing arrangements

Standard ATOL holders (including Franchise member ATOL holders), must notify the CAA before any material change in financing arrangements of the ATOL holder or the ATOL holder's group (e.g. revolving credit facilities, including changes to any existing arrangements,

overdrafts, guarantees, bonds, loans, granting of security) with banks, other financial institutions or other providers of finance is made. The ATOL holder must provide on demand any information and documentation the CAA needs, at its absolute discretion, in order to assess the potential implications of the proposed change for the resources and financial arrangements of the ATOL holder or the ATOL holder's group.

AST4.10

Requirements to provide information or access to information when requested to so

Within 3 working days of the CAA requiring the ATOL holder to do so, the ATOL holder must make the financial records and systems of the ATOL holder and the ATOL holder's group available for inspection by the CAA, and/or any third party identified by the CAA, at the premises of the ATOL holder or the ATOL holder's group, and ensure staff assist the CAA and/or any third party identified by the CAA to access and interrogate information from its systems. Once the third party has signed a confidentiality agreement in the form requested by the CAA, which may be published by the CAA from time to time[2], the ATOL holder must:

a) make its and/or the ATOL holder's group's financial records and systems available to the third party; and

b) meet all reasonable expenses incurred by the CAA in instructing the third party to carry out the inspection.

AST4.11

If the CAA determines it is appropriate to do so, the CAA will retain and instruct a third party or will require the ATOL holder to instruct and retain a third party, to:

a) provide advice to the CAA on matters relating to the ATOL holder or the ATOL holder's group; or

b) prepare, or assist the CAA in the preparation of, a report(s) on the ATOL holder or the ATOL holder's group, on any matter the CAA determines is required in order for the CAA to grant, renew, vary or continue an ATOL.

The CAA will, at its discretion, decide the matters on which it requires advice or the matters to be reported on, and will determine the timescales in which the advice or report will be produced. Once the third party has signed a confidentiality agreement in the form requested by the CAA, which may be published by the CAA from time to time[3], the ATOL holder must:

i) allow the third-party access to its and/or the ATOL holder's group's records and premises to prepare that advice or report;

ii) assist the third party to access and interrogate its and/or the ATOL holder's group's records; and

iii) meet all reasonable expenses incurred by the CAA in instructing the third party to prepare such advice or report(s).

AST4.12

If requested by the CAA, the ATOL holder must provide to the CAA:

a) a copy of any brochure, leaflet or other printed matter in which it advertises that it can make available flight accommodation;

[2] See www.caa.co.uk/CPG3070

[3] See www.caa.co.uk/CPG3070

b) a copy of any booking form relating to any such brochure, leaflet or other printed matter; and

c) a copy of any booking conditions relating to any such brochure, leaflet or other printed matter.

AST4.13

If requested by the CAA, the ATOL holder must provide to the CAA a copy of any broadcast advertisement in which it advertises that it can make available flight accommodation.

AST4.14

Where an ATOL holder has authorised an agent to act on its behalf, it must, if requested by the CAA, obtain any publicity material in which the agent advertises that it can make available flight accommodation, and provide this to the CAA.

AST4.15

If requested by the CAA, the ATOL holder must provide the CAA with a copy of all agency agreements where an airline has appointed the ATOL holder as its Airline Ticket Agent as defined in the ATOL Regulations 2012.

Maintenance of records

AST4.16

The ATOL holder must inform the CAA at least 3 working days in advance of any change in the information listed below or of the occurrence of any matter listed below and must provide the CAA with details of the following change, or as the case may be, of the relevant occurrence via the CAA's ATOL online portal, or should a technical fault prevent access to the online portal then in writing:

a) in the case of a company, the ATOL holder's name registered at Companies House (or national equivalent). An ATOL variation application and fee will also be required;

b) the ATOL holder's trading names (an ATOL variation application and fee will also be required);

c) the ATOL holder's website (an ATOL variation application and fee will also be required)

d) the ATOL holder's main public or business telephone number;

e) the ATOL holder's principal business address;

f) in the case of an ATOL held by a company, its directors, company secretary, non-executive directors or senior management;

g) directors, company secretary, non-executive directors, and senior management of any ATOL holder's group companies or related parties;

AST4.17

The ATOL holder must inform the CAA within 3 working days of any change in the information listed below and must provide the CAA with details of the change in writing of:

a) the ATOL holder's registered office address;

b) the ATOL holder's or ATOL holder's group's auditors or accountants;

c) the names of the bank(s) where the ATOL holder's or ATOL holder's group's business account(s) or banking facilities are held, and the account from which the APC will be collected;

d) the names of any companies within the ATOL holder's group and related parties;

e) the ATOL holder's authorised or issued share capital.

ATOL Standard Term 5 - Business systems management

System Requirements

AST5.1

The ATOL holder must maintain electronic business systems that meet the following requirements:

a) Records must be managed so that a copy is available at all times (e.g. a backup is kept off-site);

b) The business system records may be kept anywhere but should be able to be made available to the CAA at the ATOL holder's principal place of business in the UK within 3 working days;

c) The business systems must distinguish between licensable and non-licensable sales, Public Sales of Flight-Only, Single-contract Packages and Multi-contract Packages and ATOL-ATOL transactions;

d) The business systems must produce ATOL Certificates and, where applicable, Confirmations as required by ATOL Regulation 17 and ATOL Standard Term 1;

e) The business systems must record and maintain the date of booking and departure for each passenger booked on a licensable transaction, the gross invoice value in respect of the booking, the booking reference, the origin and destination of each flight booked and the elements included in the booking. The business systems must also record the number of seats (whether Flight-Only or combined with a package) sold as ATOL to ATOL transactions to other ATOL holders (other than to those in the ATOL holder's group), the date of the sale and the date of departure;

f) The business systems must maintain a separate APC accounting record detailing the number of passengers who have booked licensable Single-contract Packages, Multi-contract Packages or Flight-Only and the amounts of APC paid to the CAA or due to the CAA in respect of those passengers booked to travel;

g) The business systems must allow the ATOL holder to monitor and consequently report its licensable bookings and departures, both in terms of passenger numbers and associated gross invoice value, against its licence limits on a regular basis, indicating where a variation is required; and

h) The business systems must:

   i. record the Unique Reference Numbers of all ATOL Certificates supplied by the ATOL holder, its agents and (where the ATOL holder is an Accredited Body) its AB members;

   ii. identify individual parts of the trip and their booking reference; and

   iii. link (i) with (ii) where applicable.

AST5.2

Within 3 working days of the CAA requiring the ATOL holder to do so, the ATOL holder must make the business systems of the ATOL holder and the ATOL holder's group available for inspection by the CAA, and/or any third party identified by the CAA, at the premises of the ATOL holder or the ATOL holder's group, and ensure that staff assist the CAA and/or any third

party identified by the CAA to access and interrogate information from its systems. Once the third party has signed a confidentiality agreement in the form requested by the CAA, which may be published by the CAA from time to time (see footnote 3), the ATOL holder must:

a) make its and/or the ATOL holder's group's business systems available to the third party; and

b) meet all reasonable expenses incurred by the CAA in instructing the third party to carry out the inspection.

AST5.3

If the CAA determines it is appropriate to do so, the CAA will retain and instruct a third party, or require the ATOL holder to retain and instruct a third party, to:

a) provide advice to the CAA on matters relating to the ATOL holder or the ATOL holder's group; or

b) prepare, or assist the CAA in the preparation of, a report(s) on the ATOL holder or the ATOL holder's group, on any matter the CAA determines is required in order for the CAA to grant, renew, vary or continue an ATOL.

The CAA will, at its discretion, decide the matters on which it requires advice or the matters to be reported on, and will determine the timescales in which the advice or report will be produced. Once the third party has signed a confidentiality agreement in the form requested by the CAA, which may be published by the CAA from time to time[4], the ATOL holder must:

a) allow the third-party access to its and/or the ATOL holder's group's records and premises to prepare that advice or report;

b) assist the third party to access and interrogate its and/or the ATOL holder's group's records; and

c) meet all reasonable expenses incurred by the CAA in instructing the third party to prepare such advice or report(s).

Records Maintenance

AST5.4

The ATOL holder must keep specified items for a period of 12 months from the date of the latest flight provided under any licensable transaction or ATOL to ATOL transaction. The items specified for the purposes of ATOL Standard Term 5.4 are:

a) copies or records of every ATOL Certificate supplied by the ATOL holder, its agents and (if the ATOL holder is an Accredited Body) its AB members pursuant to ATOL Regulation 17;

b) copies of every ATOL-ATOL supplier invoice supplied;

c) copies of every other document forming or evidencing the formation of a licensable transaction, including booking forms (if available and held by the ATOL holder) and similar documents;

d) records of the number of bookings accepted by the ATOL holder, its agents and (if the ATOL holder is an Accredited Body) its AB members for business authorised by the ATOL, with the amount of revenue associated with those sales and the amount of money that may be expected to have been received

[4] See www.caa.co.uk/CPG3070

in respect of them by the ATOL holder, its agents or its AB members, in accordance with the ATOL holder's booking conditions and terms of business with consumers;

e) if applicable, records and copies of the agency agreements under which the ATOL holder has appointed an agent pursuant to ATOL Regulation 10(a) to enter the ATOL holder into the licensable transaction;

f) where the ATOL holder is an Accredited Body, terms of membership of its AB members;

g) records and copies of any contracts into which the ATOL holder has entered for the purchase or sale of air seats or ground accommodation where that ground accommodation forms part of a licensable transaction;

h) records and copies of any contracts or commercial agreements into which the ATOL holder has entered relating to the provision of flight accommodation; and

i) records and copies of any reservations for seats which the ATOL holder has made with a view to entering into a contract.

AST5.5

The ATOL holder must keep:

a) records and copies of actual or contracted expenditure on brochures, advertising and other costs related to the sale of air seats for a period of at least 2 years from the record date; and

b) all bank statements and Payment Services Provider statements for a period of at least 2 years from the record date; and

c) all the agency agreements (whether the ATOL holder is agent or principal) whilst the agreements remain in force and for 12 months after the agreements expire or are terminated.

AST5.6

The ATOL holder must keep entries from day to day transactions of all sums of money received and expended by the business and the matters in respect of which the receipt and expenditure takes place, and a record of the assets and liabilities of the business. Such records must be kept for a period of at least 2 years from the record date.

AST5.7

The ATOL holder must keep records of the number of bookings accepted by it or its agents for non-licensable or exempt business, including a flight, together with the amount of revenue associated with those sales. The ATOL holder must provide any information or copies of records relating to non-licensable business when requested to do so by the CAA. Such records must be kept for a period of at least 2 years from the record date.

AST5.8

The ATOL holder must ensure that the terms of its contract with its business systems suppliers require the business systems suppliers to provide the CAA (or its agent) with access to the ATOL holder's business systems at any time (including up to 1 month after the ATOL holder has failed) without requiring any payment from the CAA (whether or not the business system supplier is owed money by the ATOL holder). The ATOL holder must ensure that the CAA's rights to enforce this obligation are not excluded under its contract with the business systems

supplier. If the ATOL holder cannot obtain business systems on these terms, the ATOL holder may be required by the CAA to provide a bond payable to the ATT on demand.

AST5.9

If requested by the CAA, the ATOL holder must make the items specified in ATOL Standard Terms 5.4, 5.5, 5.6 and 5.7 available for inspection and provide copies for removal by the CAA at the ATOL holder's premises within 3 working days, and where an administrator or a liquidator of the ATOL holder has been appointed, this term will still apply.

AST5.10

If requested by the CAA, the ATOL holder will make copies of the items specified in ATOL Standard Terms 5.4, 5.5, 5.6 and 5.7 and copies or records of every document forming or evidencing the formation of any transaction, including a flight available to the CAA either by post, or electronically as specified by the CAA in a format and to the level of detail acceptable to the CAA within 3 working days, and where an administrator or a liquidator of the ATOL holder has been appointed, this term will still apply.

ATOL Standard Term 6 - Sales restrictions

AST6.1

An ATOL holder must not make available flight accommodation in the capacity of an ATOL holder to a person (including a business) unless:

1. the ATOL holder has reasonable grounds for believing that that person:
   a) is a consumer (as defined in ATOL Regulation 4);
   b) will make the flight accommodation available to a consumer in the UK (i) in the capacity of agent of the ATOL holder, and (ii) will supply an ATOL Certificate in accordance with ATOL Regulation 17 and a Confirmation under ATOL Standard Term 1 (where applicable);
   c) holds an ATOL which authorises a sufficient number of passengers to allow that person to make the flight accommodation available to:
      i. a consumer, and the ATOL holder believes that person will offer and sell that flight accommodation under their ATOL;
      ii. another ATOL holder;
   d) is exempted by the CAA from the need to hold an ATOL in order to make available that flight accommodation to another person;
   e) that the flight accommodation is a Flight-Only and the person will make the flight accommodation available only outside the United Kingdom and will not hold itself out in the United Kingdom as a person who may make that flight available; or
   f) that flight accommodation is part of a package organised by the ATOL holder and the person will make the flight accommodation available only outside of the United Kingdom and will not hold itself out in the United Kingdom as a person who may sell that package.

or

2. the ATOL holder is an Accredited Body, the person is its AB member acting in accordance with the terms of its Membership, and the ATOL holder ensures the flight is made available to a consumer.

AST6.2

An ATOL holder must not sell flights or packages that have been advertised on a website operated by a third party or anywhere unless the information required by AST 1.4A and AST 1.4B and 1.4C was provided to the consumer as soon as the consumer was invited to choose those travel services or the consumer was invited to move to another website where the consumer could choose those travel services.

Restrictions on persons ATOL holders may receive payment from

AST6.3

ATOL holders may only accept payment for a licensable transaction from a person to whom they are entitled, under AST6.1, to make available flight accommodation.

Securing Flights

AST6.4

Wherever a consumer is invited to choose from a service that is ATOL protected or is available to be combined into an ATOL protected service, and where the ATOL holder is required to make the consumer aware of the flight information required by AST1.4B (a), (b), (c) and (d) relating to the flight offered as part of the service, the ATOL holder must not enter into a contract for that licensable transaction unless:

a) the ATOL holder also confirms that booking with the airline, either before or as a part of the same process as accepting the consumer's booking and deposit / payment; or

b) if a) is impossible, the ATOL holder confirms the booking with the airline as soon as possible after accepting the consumer's booking and deposit/payment and at no extra cost to the consumer.

Where the flight information required by AST1.4B (a), (b), (c) and (d) relating to the flight offered as part of the service is not known to the ATOL holder at the time the consumer is invited to choose the service the ATOL holder must not enter into a contract for that licensable transaction unless:

a) it informs the consumer at that time of booking that the flight information is not yet available and that it will be provided when it is known; and

b) confirms the booking with the airline as soon as possible after accepting the consumer's booking and deposit/payment and at no extra cost to the consumer.

ATOL Standard Term 7 - Accountable Person

AST7.1

The CAA must be satisfied that the person appointed as an ATOL holder's Accountable Person is acceptable to the CAA at all times to grant or continue to grant an ATOL.

If requested by the CAA, the ATOL holder's Accountable Person must from time to time (as determined by the CAA) successfully complete a course of training on the role and responsibilities of the Accountable Person, provided by either the CAA or some other CAA approved person.

The ATOL holder must give the CAA at least 28 days' notice (or where this is impossible as much notice as possible) of the Accountable Person leaving their post for any reason.

1.9 ATOL Regulation 48: Schedule of Accredited Body Standard Terms

ATOL holders granted accreditation from the CAA to be Accredited Bodies ("ABs") under ATOL Regulation 33, must comply with the following Accredited Body Standard Terms ("ABSTs").

Note: *Failure to comply with the ABSTs means the AB is no longer acting under accreditation and the AB members are no longer exempt from the requirement to hold an ATOL in order to make available flight accommodation (see ATOL Regulation 10) .The AB members will be in breach of the ATOL Regulations 2012 if they make available flight accommodation (unless one of the other exemptions applies).*

Definitions

1. Unless otherwise stated, phrases used in the ATOL Standard Terms have the same meaning as those terms in:
   a) the ATOL Regulations 2012 (as amended);
   b) the ATT Regulations 2007 (as amended);
   c) the ATT Deed;
   d) the ATOL holder's licence document.

'Licensable Transaction' means an offer made by a consumer (or their agent) to purchase flight accommodation for one or more persons on a flight which is accepted by an (i) air travel organiser; or (ii) where an ATOL is held by an Accredited Body, a member of that AB, and constitutes an activity in respect of which that air travel organiser or Accredited Body is required to hold an ATOL.

Scope

Standard terms that apply to the making available of flight accommodation apply equally to the procuring of flight accommodation on behalf of a consumer in circumstances where ATOL Regulation 9A (1) applies, and to facilitating the making available of flight accommodation by another person in circumstances where ATOL Regulation 9B (1) applies.

ABST1

ABs are liable for any contractual or statutory liability the AB member has to a consumer where the AB member has, as a principal, or as agent for an ATOL holder, or as an agent for an airline, made available flight accommodation. ABs are liable to the consumer for any payment made by a consumer to the relevant AB member in respect of all transactions where they were acting in the capacity as an AB member. The CAA may propose to revoke the AB's accreditation if the AB fails to be responsible to consumers in accordance with this ABST.

ABST2

The AB will remain liable to any consumers yet to depart or yet to return from their trip which they booked through an AB member (who was acting in that transaction in the capacity of an AB member of the AB) whose membership has been terminated or suspended for any reason. The AB must maintain sufficient resources to repatriate any AB member's consumers, provide refunds due to any AB member's consumers or provide suitable alternative arrangements for any AB member's consumers.

ABST3

ABs will maintain an approved Trust account in the terms approved by the ATT and CAA, to receive payments made by consumers to their AB members.

ABST4

ABs will ensure that their AB member's publicity material complies with ATOL Standard Term 1 (AST1). The AB will ensure that information provided to the consumer by the AB member before a contract is concluded, in its terms and conditions of booking, in information relating to payment requests (invoices) and in information relating to payment acknowledgement (receipts) contains all the information ATOL holders are required by AST1 to provide to consumers. ABs will, if requested by the CAA, obtain any publicity material in which the AB member advertises that it can make available flight accommodation, and provide this to the CAA.

ABST5

ABs will not preclude AB members from issuing ATOL Certificates in compliance with ATOL Regulation 17. ABs may require AB members to source ATOL Certificates from the AB. In those cases, ABs will (in accordance with ATOL Regulation 17) preclude AB members from accepting any payment from the consumer until the AB member is in a position to supply an ATOL Certificate.

ABST6

Where the information entered on an ATOL Certificate changes more than 72 hours before the consumer is due to travel, the AB will ensure that their AB Member supplies a new ATOL Certificate containing the up to date information to the consumer.

Where this information changes less than 72 hours before the consumer is due to travel, the AB must ensure that the AB member updates and records those changes on their business system.

ABST7

ABs will maintain an up to date list of their AB members. ABs will not permit AB members to use trading names already used by any ATOL holder or any AB member of any other AB. ABs will provide the CAA with information in respect of any new AB member that has joined, or any AB members whose membership has been terminated. The following information must be provided without undue delay:

- Name of applicant (trading name, registered company name, name of sole-trader or partners);
- Name and date of birth of applicant's directors and shareholders, sole trader, or partners where applicable;
- Name of any other person, partnership or body corporate appearing to the AB to have influence over the proposed AB member.

ABST8

ABs will only accept AB members whose business and financial systems are of a sufficient standard to enable them to comply with the terms of their membership.

ABST9

ABs will not grant membership to any person that in the AB's opinion would not be considered fit or competent by the CAA to hold an ATOL.

The CAA judges fitness based on trustworthiness, honesty, propensity to obey rules, integrity, competence and capability measured by reference to the AB member's past activities in the travel industry or any other field.

Note: the CAA publishes policy on its assessment of fitness and competence to hold an ATOL on its website.

ABST10

The AB will not grant membership to any person (including a corporate person) where the CAA has notified the AB it may not accept that person as an AB member of the AB.

ABST11

The CAA may determine that any person (including a corporate person) may not be an AB member of the AB. If the CAA proposes to make such a determination it must first serve on the AB member (or proposed AB member) 21 days' notice of the proposal to make such a decision and its reasons for the proposal. Once the CAA has served such notice it will follow, and apply to the AB member, the procedure set out in ATOL Regulations 49-65.

ABST12

The AB will immediately terminate the membership of any AB member that is not solvent or has failed or has appointed an administrator or liquidator.

ABST13

The AB will advise the CAA the same or the following working day that any AB member fails, that any AB member is not or appears not to be solvent and/or cannot or will not meet its obligations to its consumers.

ABST14

ABs will include transactions entered into by their AB members in their reports due to the CAA under the ATOL Standard Terms. If requested to do so by the CAA, ABs will break down the information provided in these reports by individual AB members.

ABST15

On receiving a request from the CAA to do so (and in addition to the reporting obligations set out in ATOL Standard Term 3), the AB will provide the CAA with a summary of the number of licensable transaction bookings held in respect of passengers yet to depart. This should be broken down by each AB member identifying the number of passengers included on each transaction, whether the transaction was a Flight-Only, a Single-contract Package or a Multi-contract Package, when the passengers are due to depart and the gross invoice value of the transaction.

ABST16

If the CAA determines it is appropriate to do so, it will retain and instruct a third party to prepare a report(s) on the AB or any one or more of its AB members on any matter the CAA determines is required in order for the CAA to grant, vary or continue an accreditation. The CAA, at its discretion, will decide the matters to be reported on. The CAA will, at its discretion, determine the timescales in which the report will be produced. Once the third party has signed a confidentiality agreement in the form requested by the CAA, which may be published by the CAA from time to time, the AB will:

a) allow the third-party access to any of its records and premises to provide that report;

b) assist the third party to access and interrogate its records; and

c) meet all reasonable expenses incurred by the CAA in instructing the third party to prepare that report(s).

Within 3 working days of being requested by the CAA, the AB or any one or more of its AB members shall make its records available for inspection by the CAA, and/or any third party identified by the CAA, at the AB or AB member's premises and ensure that staff are available to assist the CAA and/or any third party identified by the CAA to access information from its systems. The AB shall meet the reasonable costs incurred by the CAA in instructing any third party to undertake this inspection.

ABST17

An AB's conditions of membership with which the AB's members must comply must include the following Terms and Conditions.

Note: Where any other condition of membership contradicts one or more of the following conditions of membership, the conditions set out here will take precedence.

COMPULSORY TERMS AND CONDITIONS OF MEMBERSHIP

Definitions

*The words "licensable transactions" in these Terms and Conditions of membership mean "agreements to provide Flight-Only or packages that, if the AB member were not an AB member of the AB, the AB member would need an ATOL to enter into."

'package' is defined in the ATOL Regulations. Packages can be organised as Single-contract Packages or Multi-contract Packages. 'Single-contract Packages' are those under which the consumer has the benefit of one contract with the organiser for all the travel services that are part of the package. 'Multi-contract Packages are those where the consumer has more than one contract for all the travel services that together are part of the package.

1. Members will ensure that all consumer payments in respect of licensable transactions* are paid into accounts in accordance with the terms of the AB Trust Deed, which has been approved by the ATT and CAA.
2. Members agree that the CAA may audit the AB member's financial records, business records, financial systems and business systems at any time. Members agree to make these records and systems available to the CAA on 3 days' notice at the CAA's request and agree to provide the CAA with such help and assistance as is necessary for the CAA to complete whatever investigation it requires.
3. All consumer payments in respect of licensable transactions paid into accounts in respect of a licensable transaction for services accordingly owed by the AB to the consumer, is received and held by the AB member on behalf of and for the benefit of the Trustees of the Air Travel Trust but subject to the AB member's right and obligation to make payment to the AB for so long as the AB does not fail. If the AB fails, the AB member will hold any consumer payments on behalf of the Trustees of the Air Travel Trust and without any right or obligation to pay the same to the AB.
4. Members agree that the CAA may share any information concerning the AB member with the AB;
5. Members shall put in place and maintain business and financial systems acceptable to the AB;
6. When advertising services to consumers, entering into agreements with consumers, recording/documenting agreements with consumers and recording requests for or receipts of payments by consumers, AB members will comply with ATOL Standard Term 1 as if those terms applied directly to the AB member and any requirements to set out the ATOL holder's name and number should be read as requirements to set out the member's Accredited Body's ATOL name and number.
7. When recording the terms of an agreement with the consumer the AB member will comply with the booking procedure notified by the AB to the AB member and use the AB's booking systems;
8. No person who is an ATOL holder may be an AB member;
9. Members will not be an AB member of any other AB;
10. The AB member will immediately notify the AB of any change to the AB member's owners or directors or those running the business and financial affairs of the business;

11. Members will provide the ABs with real time access to the following information to enable the ABs to produce daily reports; (1) the number of licensable transactions entered into; (2) the number of passengers included on each transaction; (3) whether the transaction was a Flight-Only, a Single-contract Package or a Multi-contract Package; (4) when the passengers are due to depart; (5) the gross invoice value of the transaction; and (6) the unique reference numbers of ATOL Certificates supplied;
12. Members agree that the AB may terminate the AB member's membership with immediate effect. If membership is terminated, the AB member may not make available any flight accommodation to any consumer unless one of the exemptions in ATOL Regulation 10 applies as to do so would be a breach of the ATOL Regulations 2012 (as amended);
13. Members must be reminded that if they act other than in accordance with the terms of the membership they are not acting as an AB member of an AB and are not entitled to make available flight accommodation and to do so would be a breach of the ATOL Regulations 2012 (as amended); and
14. Members may only accept payment from consumers as defined in the ATOL Regulations 2012 (as amended).
15. If requested by the CAA, Members will provide any information regarding the AB set out in ATOL Standard Term 4 that it holds.

1.10 ATOL Regulation 55: Publication of decision

If, in accordance with ATOL Regulation 55, the CAA decides to revoke or suspend an ATOL or accreditation, the decision will be published in the CAA's Official Record Series 8 which can be viewed at www.caa.co.uk/ORS8.

1.11 ATOL Regulation 57: Notice of hearing

If, in accordance with ATOL Regulation 57(3), the CAA is required to publish notice of the date, time and place of a public hearing the details will be published on the CAA website.

Chapter 2

Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007 (as amended)

2.1 ATT Regulation 5: APC rate of contribution

In accordance with ATT Regulation 5(1)(a), having complied with the prescribed consultation requirements, with the approval of the Secretary of State, and having published these payment periods 4 weeks or more before the date these payment periods come into force, the CAA has determined the following contribution rate. The contribution rate came into force on 1 October 2009.

Type of ATOL Holder	Contribution rate	Date of Publication	Date Rate of Contribution came into force
Holders of an ATOL (except small Business Licence holders) as set out in ATT Regulation 7	£2.50	21 August 2009	1 October 2009
Applicants for and holders of a Small Business ATOL as set out in ATT Regulation 8	£2.50	21 August 2009	1 October 2009

2.2 ATT Regulation 6: APC payment period

In accordance with ATT Regulation 6(1)(a), having complied with the prescribed consultation requirements, and having published these payment periods 4 weeks or more before the date these payment periods come into force, the CAA has determined the following payment periods apply to the following ATOL holders.

Effective 01 July 2012

Class of ATOL holder	Payment period	Date of Publication	Date application of the Payment period commenced
ATOL holders with an ATOL revenue limit of £5 million or more	Monthly	05 April 2012	01 July 2012
ATOL holders with an ATOL passenger limit of more than 500 and an ATOL revenue limit less than £5 million	Quarterly	05 April 2012	01 July 2012
ATOL holders that are assessed by the CAA as part of a Group* where ATOL holders within the group together have an ATOL revenue limit of £5 million or more	Monthly	05 April 2012	01 July 2012

* See ATOL Groups and Related Parties.

2.3 ATT Regulation 13: Suspension of contributions

If, in accordance with ATT Regulation 13(1), having complied with the prescribed consultation requirements, with the approval of the Secretary of State, the CAA suspends the requirement to make contributions in respect of any period, either generally or in relation to any description of class of persons the CAA will publish the details here. For the avoidance of doubt there are no suspensions currently in force.

Chapter 3
Civil Aviation Act 1982

3.1 Scheme of charges for the ATOL scheme

The charges payable to the CAA for application, grant or variation of an Air Travel Organiser's Licence are published in the Official Record Series 5, which can be viewed at www.caa.co.uk/ORS5

APPENDIX A

Requirements for ATOL Reporting Accountants

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Additional information included as an Annex or referred to on the CAA website.

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Appendix A

1. Introduction

1.1. This Appendix A contains advice for ATOL Reporting Accountants acting for ATOL holders and applicants. It provides a brief overview of the ATOL system, the licensing process and a description of the framework within which ATOL Reporting Accountants provide confirmations to the CAA.

Effective date

1.2. This Appendix A will apply to all 'ATOL Reporting'.

Terminology

1.3. The following key terms are used throughout this Appendix A. A full list of definitions is included in Annex 1 of this Appendix A.

- 'Annual Accountants' Report (AAR)' means the return, submitted to the CAA as part of the ATOL renewal process that contains the reports of the ATOL Reporting Accountant.
- 'ATOL Reports' means the APC returns, AAR, Airline Ticket Agent report, factual confirmations and ring-fencing report.
- 'AST' means ATOL Standard Terms in the 'Official Record Series 3 (ORS3)'
- 'ATOL' means 'Air Travel Organiser's Licence' granted by the CAA.
- 'ATOL holder' means a person who holds an Air Travel Organiser's Licence granted by the CAA under the ATOL Regulations 2012 (as amended) and includes those that hold an SBA, a Trade ATOL and a Franchise Member ATOL.
- 'ATOL limit' means the maximum annual licensable revenue in the Public sales category authorised under the ATOL.
- ATOL bond means a bond provided to the Air Travel Trust (ATT) as a condition of that ATOL.
- 'ATOL Reporting Accountant (ARA)' means a firm or individual who is designated under the ATOL Reporting Accountants' Scheme (ARA Scheme) and who is engaged by the ATOL holder to report on information provided by the ATOL holder to the CAA.
- 'customer deposits' means monies received by the ATOL holder as payment or part payment, for a Flight-Only, a Single-contract Package or a Multi-contract Package, in advance of the date of departure.
- 'Licence Limit' means the amount of the Public Revenue Licence Limit and/or licensable passenger numbers authorised by CAA under the ATOL.
- 'Licensable Transaction' means an offer made by a consumer (or their agent) to purchase flight accommodation for one or more persons on a flight which is accepted by (i) an air travel organiser; or (ii) where an ATOL is held by an Accredited body, a member of that Accredited Body, and constitutes an activity in respect of which that air travel organiser or Accredited Body is required to hold an ATOL (AST/ORS3).

- 'Licensable Revenue' means revenue generated from a licensable transaction.
- 'SBA' means a Small Business ATOL.

2. The ATOL Scheme

ATOL Scheme overview

2.1. The ATOL Scheme is a statutory system covering most travel providers who sell air travel. Its purpose is to protect the public from losing money or being stranded abroad because the travel provider that they have booked to travel with fails.

2.2. Details of the licensing process and responsibilities of the ATOL holder are included in section 3 of this Appendix A.

2.3. The Consumers and Markets Group (CMG) of the Civil Aviation Authority (CAA) carries out the function of granting, varying, renewing and the administration of ATOL licences. This involves fitness, competence and financial assessments as well as ongoing monitoring of ATOL holders.

2.4. If an ATOL holder fails, claims for refunds or repatriation costs of its customers are met by the ATT. The ATT is funded by the ATOL Protection Contributions (APC) payable by ATOL holders for each passenger booked under a licensable transaction. Some ATOL holders may also be required to provide security which may be in the form of an ATOL bond. The ATOL bond would be used before the ATT Fund to meet customer claims.

2.5. ATOL licences are valid for a period of no more than one year, to either 31 March or 30 September (generally determined by an ATOL holder's financial year end). The CAA places a licence limit on each ATOL in terms of licensable passenger numbers and licensable revenue, on a departure date basis and by category of business.

2.6. ATOL holders are required to report periodically to the CAA on data relevant to the ATOL licence. The frequency of reporting is dependent on the ATOL holder's Public Revenue Licence Limit and the CAA's assessment of the likelihood and impact of failure. The level of business being undertaken has an impact on the number of passengers disrupted by a failure and the cost to the ATT of protecting, repatriating and refunding those passengers.

Licensing criteria

2.7. In determining whether an application for an ATOL licence is granted or refused the licensing criteria must be complied with. Details of the criteria for an ATOL application can be found in ATOL Policy and Regulations 2014/01 (Criteria for an application for and grant of, or a variation to, an ATOL: fitness, competence and Accountable Person). Details of the ATOL Regulations can be found in the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended) and the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007) (as amended). The ATOL Regulations 2012 (as amended) specify that the CAA must refuse to grant an ATOL if the CAA is not satisfied that the applicant is a fit person to make available flight accommodation. The CAA may refuse to grant an ATOL, or a variation to an ATOL if the CAA is not satisfied-

- that the applicant is competent to make available flight accommodation;
- that the resources of the applicant and the financial arrangements made by the applicant are adequate for discharging the actual and potential obligations in respect of activities

in which the applicant is engaged (if any) and in which the applicant may be expected to engage if granted the ATOL;

- that it has appointed a person acceptable to the CAA as its accountable person; and
- that the applicable ATOL Protection Contributions are paid as and when they fall due.

Fitness and competence of ATOL licence holder

2.8. In determining whether an applicant or ATOL holder is fit and competent, the CAA must have regard to

- the past activities generally of the applicant or ATOL holder and the applicant's or ATOL holder's employees, which includes directors; and
- where the applicant or ATOL holder is a body corporate, the past activities generally, its shareholders and any persons appearing to the CAA to control that body.

ATOL SBA Scheme

2.9. The SBA Scheme is only be available to businesses that hold no more than 500 forward bookings in a year and have licensable revenue less than, or equal to, £1 million. There are separate rules for businesses applying under the SBA scheme as a new applicant, and these are detailed in Annex 2 of this Appendix A.

ATOL Protection Contribution

2.10. The APC is payable by an ATOL holder for each passenger booked in each month, quarter or year, depending on the licence limit and type of ATOL licence. The 'Payment Period' for an ATOL holder depends on the type and licence limit and will be either monthly or quarterly in accordance with ATT Regulation 6. The APC must be paid within six weeks of the end of each Payment Period for ATOL holders other than SBAs.

2.11. For SBAs the 'Payment Period' for an ATOL holder will be annually in accordance with CAA (ATOL) Regulation 72(g). The APC must be paid within 42 days beginning with the date of commencement of SBA renewal.

2.12. Information on the ATOL Payment Contribution (APC) is set out in the ATOL Standard Terms section of the Official Record Series 3 – Air Travel Organisers' Licensing, which can be found using the following link: Official Record Series 3

2.13. Details of the Air Travel Trust and the APC can be found using the following link: Air travel trust

What is licensable business?

2.14. ATOL holders often undertake a range of activities, and ATOL Reporting Accountants need to understand clearly the difference between licensable business, which is covered by the ATOL and non-licensable activity such as airline ticket agent revenue. The ATOL Reporting Accountant also needs to recognise and understand the following different categories of licensable business.

Public Sales – Flight-Only	Sale of flight accommodation only where the seller is neither an airline nor an airline's appointed agent. See 2.17
Public Sales – Single-contract Package	'Single-contract Packages' are those under which the consumer has the benefit of one contract with the organiser for all the travel services that are part of the package.
Public Sales – Multi-contract Package	'Multi-contract Packages are those where the consumer has more than one contract for all the travel services that together are part of the package.
ATOL to ATOL	Sale of a flight (whether as Flight-Only or as part of a Single-contract Package or Multi-contract Package) to another ATOL holder for resale under the buying ATOL holder's ATOL licence.

2.15. ATOL holders report to the CAA on passenger numbers and revenue under Public Sales on a booking date basis and departure date basis. Depending on their ATOL type and ATOL licence size they will report monthly or quarterly to the CAA. This data is used to calculate the APC payments due and will also form the basis of part of the Accountants Annual Report (AAR). Revenue is considered to have been earned when the service is delivered on the date of departure and this basis is the CAAs preferred method of revenue recognition and reporting. The report required for passenger numbers and revenue reporting is AAR Part 1.

2.16. Further guidance on the categories of licensable revenue and how it is recognised is included in Annex 3 of this Appendix A. Details of reporting requirements including the role and responsibility of the ATOL Reporting Accountants are included in section 4 of this Appendix A.

Sales made as Airline Ticket Agent

2.17. Some travel providers also sell flight accommodation as agents of the aircraft operator. An Airline Ticket Agent is exempt from the requirement to hold an ATOL and as such these sales fall outside the scope of and are not protected by the ATOL scheme. However, where an ATOL holder is appointed to act as agent by an aircraft operator, the value of such sales is reported separately to the CAA and forms part of the turnover reconciliation in the AAR, together with a list of the airlines on whose behalf they are permitted to sell confirmed tickets. Where such sales are not covered by an airline ticket agent agreement, they should be included in licensable business and reported under public licensable revenue. Further information on sales made as an agent is included in the definitions in Annex 1 of this Appendix A. The report number required for Airline Ticket Agent revenue is 3039.

Different types of ATOL

2.18. Each ATOL has conditions attached to it. There are two types of ATOL licence but there are different methods available to obtain an ATOL or make licensable sales through an Accredited Body:

Type of ATOL	Methods of application to do licensable business
Standard	CAA – apply direct to the CAA for an ATOL.
SBA	Franchise/Third Party arrangements – the applicant can apply for their own ATOL through a franchise arrangement.
	Accredited Bodies – the accredited body holds the ATOL and members are able to do licensable business through that ATOL.

Third party arrangements

2.19. Travel organisers also provide ATOL protected products either under a franchise arrangement or as a member of an 'Accredited Body'.

2.20. The Franchisee enters into agreement with the ATT and, as part of this agreement, the CAA may grant an ATOL to a Franchise Member on the basis of its franchise membership. Bonds would not generally be required from a Franchise Member ATOL holder, as the Franchisee provides guarantees to the ATT to cover losses in the event of an insolvency. Each Franchise Member has its own ATOL and reports to the CAA individually under the terms of that ATOL as well as to the Franchisee. The Franchisee reports separately to the CAA.

2.21. Accredited Bodies are ATOL holders which allow other firms to trade under the terms of their ATOL and each has its own conditions of membership. Firms apply directly to the Accredited Body to become a member and will report to the Accredited Body rather than the CAA, The Accredited Body reports to the CAA regarding licensable business carried out by members under its ATOL. The Accredited Body is responsible for licensable losses arising from the collapse of an Accredited Body member.

2.22. Each Accredited Body is required to hold an Accredited Body accreditation in addition to an ATOL. The Accredited Body loses its accreditation if the Accredited Body ceases to hold an ATOL or its' ATOL is suspended. To obtain an ATOL the criteria include financial, fitness and competence and to obtain an accreditation to be an Accredited Body the criteria includes financial, systems, structure, governance controls and a trust arrangement.

2.23. For Accredited Bodies, the Public Revenue Licence Limit relates to the total licensable business of all of its members. All Accredited Body members are expected to utilise the on-line reservation systems of the Accredited Body of which they are a member. The arrangement for an Accredited Body and its' members is similar to how a Tour Operator and an agent would operate with the tour operator and Accredited Body accepting liability for the licensable sales of the agents or members respectively. A system check forms part of the audit by the CAA prior to an Accreditation being given. The membership agreement between an Accredited Body and its' members also includes the term that the member is not permitted to sell licensable business outside of this agreement. The full Schedule of Accredited Body

Standard Terms under ATOL Regulation 48 can be found in the Official Record Series 3, Air Travel Organisers' Licensing.

ATOL renewal/variation/new applicants

2.24. In addition to the passenger and revenue data in the APC return all ATOL holders must provide financial information as part of an application to renew or vary. This applies to all ATOL holders including sole traders and partnerships.

2.25. In addition, ATOL holders that are sole traders or partnerships will need to provide a statement of personal assets and liabilities. This information is not required to be reported in the AAR and an ARA is not required to report on this statement.

2.26. New ATOL licence applicants will also need to provide the same financial information.

Financial Information

2.27. An ATOL holder is required to provide some financial data from their profit and loss and balance sheet statements (or other equivalent financial statements) to the CAA. The ATOL holder will need to enter this data into Part 2 of the Annual Accountants Report (AAR) for the ARA to report on. The data must be entered in the relevant box applicable to the format they use for reporting in their financial statements, i.e. either UKGAAP (FRS102, FRS105) or IFRS, FRS101. The ATOL Reporting Accountant will be required to provide a factual finding report on the financial data contained within the AAR agreeing it to the financial statements (or other equivalent financial statements) of the ATOL holder. The ATOL Reporting Accountant is not required to report on more detailed information than that which is included in the financial statements.

2.28. The CAA performs a more in-depth analysis of the larger ATOL holders. ATOL holders with licensable revenue in the region of £20m and above may not be required to complete part 2 of the AAR. However, they will be required to provide other financial information as requested by the CAA. ATOL holders will be informed by the CAA of any additional requirements applicable and whether part 2 of the AAR needs to be completed. Unless otherwise confirmed by the CAA all ATOL holders will need to complete part 2 of the AAR.

2.29. The following table shows the requirement for reported balances from the profit and loss and balance sheet (or other equivalent financial statements) for Standard ATOL holders (including sole traders and partnerships that hold a standard ATOL).

All Standard ATOL holders will need to provide the following financial data in the applicable reporting format in the AAR.	
UKGAAP, FRS102, FRS105	IFRS, FRS101
Revenue	Revenue
Profit /(loss) from operations after tax	Profit /(loss) from operations after tax
Tax	Tax
Interest	Interest
Depreciation	Depreciation
Amortisation	Amortisation
n/a	Impairment of assets
Total assets	Total assets
Current assets	Current assets
Prepayments and accrued income	Prepayments and accrued income
Cash at bank and in hand	Cash and cash equivalents
n/a	Restricted cash

n/a	Non-current assets
Creditors: amounts falling due within one year	Current Liabilities
Creditors: amounts falling due after more than one year.	Non-current liabilities
Accruals and deferred income	Accruals and deferred income
Total liabilities	Total liabilities

2.30. The following table shows the reduced requirement for reported balances from the profit and loss and balance sheet (or equivalent financial statements) for Small Business ATOLs (SBA) (including sole traders and partnerships that hold an SBA).

All Small Business ATOL holders (SBA) will need to provide the following financial data in the AAR.
Net profit/(loss)
Total assets
Current assets
Cash
Current liabilities
Total liabilities

2.31. If a Standard ATOL holder or an SBA has restated their financial statements for the prior year then they will also be required to provide the same financial data points for the restated prior year.

2.32. The ATOL holder also needs to provide additional financial information to the CAA but which does not need to be agreed by the ATOL Reporting Accountant in the AAR. The CAA needs to understand an ATOL holder's revenue for licensing purposes and therefore needs to review an ATOL holder's revenue recognition policy, the revenue in the financial statements compared to the ATOL application form (current and projected), and whether there is any deferred income in the balance sheet. The ATOL holder needs to answer or provide the following regarding their financial information, which will be included in the AAR:

- What is your revenue recognition policy with regard to licensable business?
- Is the licensable revenue shown on a gross or net basis?
- Is there any ATOL licensable revenue within deferred income?
- Provide a reconciliation between the turnover/revenue in the financial statements and the ATOL licensable revenue on a departure date basis;
- What is the projected revenue (from the ATOL application form)?
- What is the total revenue for the prior financial year?
- What is the value of the loans in the balance sheet subordinated to the CAA?
- Where is the liability shown, i.e. short or long-term liabilities?
- Is the ATOL Reporting Accountant a registered auditor?
- Have the financial statements been audited?

- Has the opinion of the financial statements been modified?

The last 3 bullet questions above are included in the ATOL holder confirmation on the AAR Part 2 with a 'yes' or 'no' answer selection and the ARA is required to test and report on the agreement of these confirmations to the financial statements of the ATOL holder for the period in question.

2.33. For sole traders and partnerships their personal assets and liabilities will also be assessed based on a statement from the ATOL holder at the same date as their financial statements. This statement will not form part of the AAR but may be signed by an accountant.

- For the future automated ATOL IT system the ATOL holder will be required to provide two financial figures representing the total personal assets and the total personal liabilities from the personal assets and liabilities statement(s) and will be responsible for declaring their authenticity. They will also be required to upload a full copy of the statement (s).

2.34. For an SBA the CAA financial assessment is based on meeting a financial test. The test will be conducted on financial information contained in the AAR, testing the liquidity and profitability of the ATOL holder. The test will produce a result that provides the CAA with an indication of whether it can be satisfied with the resources and financial arrangements of the ATOL holder. Where the ATOL holder does not meet the test and the CAA cannot be satisfied, an improvement may be required in the form of a cash injection.

2.35. For a Standard ATOL with an ATOL Limit below £20m the financial assessment is based on determining the financial resilience of the ATOL holder and the level of risk posed to consumers. The assessment will use a series of ratios to test, amongst others, financial stability, liquidity, cash flow and profitability. At the discretion of the CAA, where an ATOL holder has an ATOL limit less than £20m the assessment and information requirements may be similar to that carried out for ATOL holders with an ATOL limit equal to, or in excess of £20m.

2.36. For a Standard ATOL with an ATOL Limit equal to, or in excess of £20m, the CAA undertakes a more in-depth analysis of an ATOL holder, which may vary from ATOL holder to ATOL holder. The analysis will include finances, business model, operations, strategy, corporate governance, and group structure where applicable, and ongoing monitoring will typically be on a monthly or quarterly basis. The CAA also undertakes frequent benchmarking reviews to compare ATOL holders against other ATOL holders in the same market segment and across the industry as a whole.

2.37. Further information about the financial assessment (ATOL Policy and Regulations 2016/01): Criteria for an application for and grant of, or a variation to, an ATOL: financial) can be found using the following link: CAA-CPGATOL Policy and Regulations Financial Criteria

Application to groups

2.38. Where members of a group carry out licensable business, a separate ATOL is required for each individual entity carrying out such business. However, the assessment of financial resilience, performed as part of the application for or renewal of an ATOL, is usually carried out on a group basis, taking into account the financial position of the group as a whole. In some cases, where the group as a whole does not meet the CAA's criteria, an ATOL holder may be considered on a stand-alone basis, independently of its group. In such cases, the CAA requires that no financial guarantees are given in favour of other group companies and that any intra-group trading is conducted on commercial terms with balances settled monthly. The ATOL Reporting Accountant is required to make a factual confirmation that

these conditions have been met. This is referred to as a 'Ring fence confirmation' and is explained further in Annex 9 of this Appendix A.

Revenue recognition

2.39. The CAA understands that there are a number of ways of recognising revenue; however, the CAA's preferred practice is to recognise revenue on a departure date basis. Where revenue is recognised other than on a departure date basis, for instance at a booking date, the ATOL holder is required to demonstrate that it is entitled to recognise the revenue in accordance with the recognised accounting framework in accordance with which the financial statements have been prepared. In the instances where the CAA disagrees with the ATOL holder's accounting treatment, the CAA may take this into consideration when assessing the finances of the ATOL holder. The AAR requests information on the revenue recognition policy of an ATOL holder, whether the revenue is on a gross or net basis and also a reconciliation between revenue included in the financial statements and the licensable revenue included in the AAR. With reference to revenue recognition the AAR also requests information on deferred income (with relevance to customer deposits held and reported)

3. The Licensing Process and Responsibilities of the ATOL Holder

Applications

3.1. Prior to granting a first time ATOL, the CAA conducts an assessment of the applicant's finances, business model, corporate governance and group structure. The applicant's adherence to the CAA's 'financial test' is also a key factor in the decision to grant an ATOL. The depth of analysis is determined by the size of the ATOL being applied for, the CAA's assessment of the risk of failure, the potential impact of such a failure and consequential detriment to the consumer. Each case is considered on an individual basis and on a risk based approach.

3.2. On application, the CAA requires certain information which may include, but is not limited to, the following:

- Most recent financial statements (for Standard ATOLs with limits above £5m these must be audited)
- Accounts compilation report unless audited financial statements are produced, or as requested by CAA
- Business plan including financial projections
- Forward booking data (not applicable to new applicants)
- Cash held in relation to forward bookings
- Product and distribution information
- Analysis of customer base and supplier contracts
- Control and risk management systems
- Copies of any financing agreements

3.3. Agency agreements

3.4. Full details of the application criteria, ongoing monitoring arrangements and the ratios used in the CAA's 'financial test' are included in the ATOL Policy and Regulations which can be found using the following link: ATOL Criteria. The financial test was announced by the CAA in March 2016 and effective from 1 June 2016.

Renewals

3.5. Every ATOL is renewable annually on either 31 March or 30 September. ATOL holders are sent invitations to renew 4 months in advance of the renewal deadline. All ATOL renewals are subject to:

- the provision of the renewal application pack and fees
- submission of the 'Annual Accountants' Report', duly completed by the 'Accountable Person' and the 'ATOL Reporting Accountant'
- provision of the latest financial statements containing an audit report or accounts compilation report as per the terms of the ATOL
- satisfying any other specific requirements stipulated by the CAA

3.6. For holders of a standard ATOL with licensable revenue >£5m, the CAA requires a copy of the latest signed audited financial statements which have been prepared for the members as a body pursuant to the requirements of the Companies Act 2006.

3.7. For holders of a standard ATOL with licensable revenue <£5m, and those operating as sole proprietors or partnerships, the CAA accepts financial statements that include an accounts compilation report, unless otherwise stated and audited accounts are requested by the CAA.

3.8. For ATOLs with large licence limits and in some other cases, the CAA may request additional financial information including, but not limited to, budgets and projections, management accounts, and details about available financial facilities.

Accountable Person

3.9. ATOL holders are required to appoint an 'Accountable Person' from within the organisation to be responsible for all matters relating to the ATOL. This includes ensuring that the terms of the ATOL are complied with throughout the period and the completion of returns and any other declarations made to the CAA on behalf of the ATOL holder.

3.10. The CAA must be satisfied with the person appointed as an ATOL holder's Accountable Person at all times to grant or continue to grant an ATOL. The ATOL Regulations 2012 (as amended) require that the Accountable Person is normally a/the director of the company, the sole trader or a partner in a partnership.

ATOL Holder Reporting

3.11. All ATOL holders (specifically the accountable person) are required to report to the CAA as a condition of their ATOL licence and then the ATOL Reporting Accountant will review and report on this information as part of the ATOL renewal process. More information on the ATOL Reporting Accountants' reporting requirement can be found in section 4.32. The three main ATOL reporting categories are:

Licensable revenue >£5m (or revenue approaching £5m at the discretion of the CAA)	Standard ATOL - Requires monthly reporting of licensable passengers booked and departed during the previous month to the CAA. The gross invoice value of the passengers booked and departed during the previous month. Licensable passengers booked for future travel. Audited financial statements are required as part of the application/renewal process. Please refer to AST 3.8, AST 3.9 and AST 3.9A.
Licensable revenue <£5m	Standard ATOL - Requires quarterly reporting licensable passengers booked and passengers departed during the previous quarter to the CAA. The gross invoice value of the passenger booked and departed during the previous month Licensable passengers booked for future travel. Financial statements are required but these may not need to be audited. Please refer to AST 3.10, AST 3.11 and AST3.11A.
500 licensable passenger and licensable revenue <£1m	Small Business ATOL (SBA) - Requires quarterly reporting of licensable passengers booked and departed during the ATOL licence period reporting to the CAA. The gross invoice value of the passengers booked and departed during the previous quarter. Licensable passengers booked for future travel. Financial statements are required but these may not need to be audited. Please refer to AST 3.5, AST 3.6 and AST3.6A.

ATOL Holder reporting throughout the year

3.12. ATOL holders will report to the CAA periodically throughout the ATOL licence period so compliance with ATOL licence requirements can be monitored and risks of overtrading or failure can be identified on a timely basis. The frequency and nature of reporting depends on the type of ATOL and licence limits. The table below summarises the minimum reporting requirements that apply to the different ATOL licence types. The CAA may require additional reporting in some cases.

Size and Type of ATOL licence	Reporting period	Report due date	Passengers booked		Total forward bookings		Passengers departed	
			Pax	Rev	Pax	Rev	Pax	Rev
Standard ATOL ≥£5m ATOL revenue †	Monthly	14 days from month end	√	√	√	√	√	√
Standard ATOL <£5m ATOL revenue‡	Quarterly	14 days from quarter end	√	√	√	√	√	√
SBA ≤500 pax <£1m ATOL revenue	Quarterly	14 days from quarter end	√	√	√	√	√	√
ATOL to ATOL sales	Quarterly	14 days from quarter end					√	
Franchise member ATOL holder ≥£5m ATOL authorised limit of revenue	Monthly*	14 days from month end	√	√	√	√	√	√
Franchise member ATOL holder <£5m ATOL revenue authorisation	Quarterly*	14 days from quarter end	√	√	√	√	√	√

† Standard ATOLs in this category are also required to submit management accounts and other information as required by the CAA under the terms of their ATOL.

‡ Standard ATOLs in this category are only required to report forward bookings in total each quarter.

* Franchise member ATOL holders <£5m and ≥£5m ATOL revenue report direct to the CAA. Accredited Body members continue to report to their Accredited Body who in turn report to the CAA. No AARs are required for Franchise member ATOL holders with <£5m ATOL revenue and ≤ 1,000 pax. For Franchise member ATOL holders with <£5m ATOL revenue and >1,000 pax an AAR part 2 is required but which does not need to be signed by an ARA unless notified by the CAA.

ATOL Type or ATOL holder Financial Year End Change

3.13. The ATOL renewal cycle depends on the financial year end of the ATOL holder:

1 June to 30 November FYE = March ATOL renewal cycle.

1 December to 31 May FYE = September ATOL renewal cycle.

The 2 tables below show which ATOL renewal an ATOL holder will fall into depending on its financial year end and therefore which ATOL licence quarters will need to be reported at the renewal.

ATOL holder Financial Year End	ATOL Renewal	Reporting ATOL Licence QTRS
December January February	September	March June September December
March April May		June September December March
June July August	March	September December March June
September October November		December March June September

Financial Year End	**December January February**	**March April May**	**June July August**	**September October November**
ATOL Renewal	**September**	**September**	**March**	**March**
Qtrs.	4 qtrs.	4 qtrs.	4 qtrs.	4 qtrs.
reported	31-Mar	30-Jun	30-Sep	31-Dec
	30-Jun	30-Sept	31-Dec	31-Mar
	30-Sep	31-Dec	31-Mar	30-Jun
	31-Dec	31-Mar	30-Jun	30-Sep

3.14. The ATOL holder may change their financial year end which may move them into a different renewal cycle. It may also result in the requirement for reporting additional quarters by the ATOL holder during the transition period before commencing the ongoing reporting quarters.

ATOL Certificate

3.15. When an ATOL holder sells flight accommodation (either on its own or as a component of a Single-contract Package or a Multi-contract Package) they are required to issue an ATOL

Certificate to the consumer. The full requirements relating to the issue of ATOL Certificates are included in the Civil Aviation (ATOL) Regulations 2012 (as amended).

ATOL IT system

3.16. The information that the ATOL holder is responsible for entering on to the new ATOL licensing system as part of their application will prompt the ATOL Reporting Accountant to review and perform their duty as an ATOL Reporting Accountant. The ATOL holder will only be able to use an accountant designated under the ARA scheme to review and report on the ATOL holders licensing information.

4. The Role and Responsibilities of the ATOL Reporting Accountant

4.1. It is important that the CAA is satisfied that an ATOL holder is trading within the limits of its ATOL licence and in line with information provided to the CAA. This is essential in determining whether to award an ATOL to a travel provider and the terms and conditions that will be attached to it. These key licensing decisions can have a direct impact on the cost to the ATT in the event of failure.

4.2. Whilst the ATOL Standard Terms for ATOL licences give the CAA right of access to an ATOL holder's business systems and to other relevant information requested, the CAA requires an ATOL holder to provide independent assurances from an ATOL Reporting Accountant on the information submitted by an ATOL holder in its reports to the CAA. The specific reports to be provided by the ATOL Reporting Accountant are outlined below in Section 4.32 of this Appendix A.

The ATOL Reporting Accountants' Scheme

4.3. Sole practitioners and firms of accountants that wish to act as an ATOL Reporting Accountant for an ATOL holder must first obtain approval from their professional accountancy body. This approval requirement applies irrespective of whether the firm or individual is a Registered Auditor.

4.4. The ATOL Reporting Accountants' scheme has been introduced to provide a designated status for ATOL Reporting Accountants to assist in ensuring the quality and reliability of information reported by ATOL holders to the CAA; mitigating the risk that ATOL licences could be issued on the basis of incorrect information potentially exposing consumers to an unacceptable risk or detriment and also to help ensure that correct amounts of APC are paid. It aims to ensure that all ATOL Reporting Accountants under the ARA scheme have sufficient knowledge and experience to perform the work and to provide training and support to accountants wishing to undertake this work. They will also be subject to monitoring, inspection (including site visits) or review processes specified by their professional accountancy body.

4.5. Under the ARA scheme the CAA can approve a professional accountancy body who, in turn, can register and designate its individual members to be ATOL Reporting Accountants. The professional accountancy bodies will designate their members once they have the required level of knowledge and experience and who are considered competent to carry out the work of an ATOL Reporting Accountant. Only a designated ATOL Reporting Accountant will be able to sign ATOL reports. In a firm only an individual will be able to sign off the AAR, although they would sign for and on behalf of the firm.

4.6. The new arrangements for the ARA scheme will build upon existing continuing professional development (CPD) requirements which each professional accountancy body has in place and will ensure a consistent standard and full knowledge of ATOL work.

4.7. The CAA will provide an ATOL training module for accountants which provides background information of ATOL. Delivery of other training on ATOL work for accountants and the assessment of competence in doing ATOL work is the responsibility of the professional accountancy bodies. However, the CAA will work closely with professional accountancy bodies to ensure that the quality of ATOL Reporting is being met by accountants. The CAA has set the overall standard and it is up to professional accountancy bodies to determine which of their members meet this standard and, hence, should be designated as qualified to perform this work.

4.8. Under the ARA Scheme the monitoring will be undertaken by the applicable professional accountancy body. An accountancy firm must appoint a contact who will provide the professional body with an annual declaration that individual(s) designated as ARAs are complying with their responsibilities under the scheme. In addition, the professional body may also require an annual return to provide regular and up-to-date information on the firm/individual accountant and its clients so that it can perform a risk assessment of each and determine if more intensive supervision is needed.

4.9. Under the ARA Scheme the following two paragraphs and bullet points form key components of ARA Scheme which are obligations for firms and the designated ATOL Reporting Accountant. An accountancy firm should take responsibility for this and the following firm wide elements including:

- policies and procedures;
- work programmes;
- internal compliance reviews;
- firm wide training; and
- fit and proper declarations.

4.10. The individual designated ATOL Reporting Accountant will sign off ATOL reports and give an annual declaration to the professional accountancy body as required. The individual ATOL Reporting Accountant or accountancy firm will follow their professional accountancy body's regulations and bye-laws and therefore must:

- at all times comply with the registration rules of the professional accountancy body;
- deal with the professional accountancy body in an open and cooperative manner;
- supply the professional accountancy body with information as required;
- inform the professional accountancy body of any substantial changes to the firm and its operations;
- pay any of the fees required by the professional accountancy body;
- respond to enquiries by the professional accountancy body; and
- subject itself to any monitoring inspection or review process specified by the professional accountancy body.

4.11. The CAA has the consent of the ATOL holder on its' application, to share the AARs with the professional accountancy body that has designated the ARA, to enable the professional accountancy body to use actual case studies for the sole purpose and use in their assessment of the continuing designation of that ARA. By signing the AAR, the ARA consents that the CAA can disclose the Report to the professional accountancy body for the sole purpose of assessing the continuing designation of that ARA. The professional accountancy bodies are not permitted to disclose the Reports to other parties. The CAA has the authority to provide feedback to the relevant professional accountancy body on 'ATOL Reporting' work submitted by an ARA.

Professional Accountancy Body

4.12. Only the members and affiliated members of an approved professional accountancy body will be allowed to act as an ATOL Reporting Accountant from 1 April 2016. The ARA Scheme was launched in November 2015 and the following Professional Accountancy Bodies are approved by a signed agreement with the CAA:

4.12.1. Association of Accounting Technicians (AAT)

4.12.2. Association of Chartered Certified Accountants (ACCA)

4.12.3. Association of International Accountants (AIA)

4.12.4. Institute of Chartered Accountants in England and Wales (ICAEW)

4.12.5. Institute of Chartered Accountants in Ireland (ICAI)

4.12.6. Institute of Chartered Accountants in Scotland (ICAS)

4.12.7. Institute of Financial Accountants (IFA)

4.13. Additional professional accountancy bodies may apply under the ARA Scheme and the CAA will review the list of professional accountancy bodies that are approved to regulate ATOL Reporting Accountants. Therefore, the list of approved accountancy bodies may change from time to time. The CAA will communicate this to ATOL holders when such changes are made and the updated list will be published on the CAA website.

4.14. Each professional accountancy body will need to maintain a full and current list of members and affiliated members who from 1 April 2016 have completed the required training and are considered competent to be a designated ARA.

4.15. Monitoring by the professional accountancy bodies will be as agreed with the CAA with ATOL Reporting Accountants expected to join, leave or be excluded due to individual circumstances. Please refer to your professional accountancy body for further details on the monitoring process.

Registration for the ATOL Reporting Accountants' Scheme

4.16. An accountant will need to register with one of the approved professional accountancy bodies to be designated for ATOL work and the CAA will only accept reports from designated ATOL Reporting Accountants.

Training and resources

4.17. The CAA has provided an online training module providing ATOL Reporting Accountants with background on ATOL. All accountants will be required to complete this training as part of their initial designation and the results of this training will be provided to the relevant professional accountancy body.

4.18. The CAA has reviewed and refreshed the ATOL online training module and has incorporated the changes to the ATOL Regulations. The CAA expects to develop a second module to the ATOL online training with information on completing ATOL Reports and including examples, case studies of incorrect ATOL reporting and information on ATOL failures (including ATOL reporting). When this module is delivered all designated accountants and new ARA registrants will need to do this training. The CAA will send out an email notification using the email address list of those that have already taken the first module. New ARAs will need to send their email addresses to the CAA email inbox CAA.ARAScheme@caa.co.uk to receive notifications.

4.19. There is a CAA dedicated webpage for ATOL Reporting Accountants that will be periodically updated on ATOL information, feature news, alerts, documents on revisions to guidance, or for subsequent changes to standards or regulations and will include links to documents such as:

- Appendix A Requirements for ATOL Reporting Accountants 'ATOL Reporting' forms
- Training material

4.20. The dedicated webpage can be accessed at: ATOL reporting accountants scheme and the CAA will alert designated ARAs by email to changes.

4.21. The CAA uses an online self-service facility accessible by the ATOL holder and the ARA through a portal. The portal is a secure facility for which the ATOL Reporting Accountant would need to set up their profile once using a password protected login. An ATOL Reporting Accountant's profile will need to include their regulatory professional accountancy body and their professional accountancy body registration number.

4.22. It is the responsibility of the ATOL Reporting Accountant and their firm to ensure that the applicable Professional Accountancy Body is provided with the correct and up to date requested information for the firm and individual designated ATOL Reporting Accountant. This includes providing an update if the firm name is changed, as well as address, contact details, etc. It is likely that evidence will be required for a firm name change, e.g., a copy of the registration document. The ATOL Reporting Accountant's name and firm name will be prepopulated in the ATOL report.

Independence

4.23. The ATOL Reporting Accountant must be independent from the ATOL holder. Any potential threats to independence must be eliminated or reduced to an acceptable level. If any threats have been identified the responsibility to implement sufficient and appropriate safeguards are the responsibility of the ATOL Reporting Accountant.

4.24. When evaluating threats to independence the ATOL Reporting Accountant must look at threats created by interests and relationships between the ATOL Reporting Accountant and the ATOL holder.

4.25. Professional accountancy bodies are required to comply with the principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, the essence of which will be contained in their respective codes.

In the first instance ATOL Reporting Accountants should refer to their professional body's rulebook and secondly to the IESBA Handbook of the Code of Ethics for Professional Accountants. This ethical guidance will refer to independence.

4.26. By completing and signing the AAR ATOL Reporting Accountants are confirming that they have complied with the independence requirements of their professional accountancy body's rulebook and, hence the principles of the IESBA Code of Ethics for Professional Accountants.

CAA Standard ARA-ATOL Terms of Engagement

4.27. The CAA relies on the reports of ATOL Reporting Accountants for the reasons outlined above and it therefore expects those providing them to acknowledge a duty of care to the CAA and the Air Travel Trust (ATT). In order to provide a standard framework the CAA has developed the CAA Standard ARA-ATOL Terms of Engagement for ATOL Reporting Accountants to undertake this work for ATOL holders in a way that is satisfactory to the CAA and the ATT. These are set out in Annex 4 of this Appendix A and included in the individual guidance issued by the individual professional accountancy bodies. These CAA Standard ARA-ATOL Terms of Engagement require the accountant to acknowledge the existence of a Duty of Care to the CAA and the ATT.

4.28. An engagement by an ATOL Reporting Accountant to prepare ATOL reports must contain all the terms mandated in the CAA Standard ARA-ATOL Terms of Engagement (Annex 4). The CAA acknowledges that supplementary terms may be agreed between the Accountants and the ATOL holder but the CAA will not be party to those terms unless expressly agreed by the CAA. No terms negotiated between the ATOL holder and the ATOL holder's accountant may contradict or purport to contradict the CAA's mandated terms. Should they do so then the accountants' reports will not be acceptable to the CAA. In effect, this will be a failure by the ATOL holder to comply with the terms of its ATOL, and ultimately can lead to licensing action being taken against the ATOL holder.

Liability Cap

4.29. The CAA also accepts however that the liability of accountants for any breach of that Duty of Care will not be unlimited. The CAA has agreed that the liability of the ATOL Reporting Accountant can be capped in accordance with the CAA Standard ARA-ATOL Terms of Engagement set out in Annex 4 of this Appendix A. The CAA's capping formula is set out in Annex 5 of this Appendix A.

4.30. The level of cap will generally be calculated based on 15% of the Public Revenue Licence Limit permitted under the ATOL, or the value of actual ATOL bond, whichever is the greater. The liability capping scale is set out (and summarised in the table) in Annex 5 of this Appendix A.

4.31. The ATOL Reporting Accountant is required to have professional indemnity insurance (PII) cover in excess of the liability cap calculated by reference to the ATOL holder's licensable revenue limit or bond as explained above. The Reporting Accountant is required to have this in place prior to reporting on an ATOL holder.

- By completing and signing the AAR the ATOL Reporting Accountant is confirming that their PII cover extends at least to the value of the liability cap with reference to each individual ATOL holder reported on.

Reports by the ATOL Reporting Accountant

4.32. The ATOL Standard Terms (Official Record Series 3) require Accountants to report under the standard terms AST3.7, AST3.11, AST3.12, AST3.14 and AST3.16. The ATOL Reporting Accountant makes reports to the CAA in the following four document types:

- The Annual Accountants' Report (AAR) – see paragraphs 4.39 to 4.45
- Airline ticket agent report – see paragraphs 4.48 to 4.51
- A separate letter of general factual confirmations – see paragraph 4.57
- A separate letter containing confirmation of any ringfencing arrangements where applicable – see paragraphs 4.58 to 4.60

4.33. For commercial reasons it is likely that, in most cases, the ATOL Reporting Accountant will also be engaged to prepare, or where appropriate, audit the statutory (or other) financial statements of the ATOL holder. Sole traders and Partnerships will be required to produce financial statements and may be required to produce a statement of personal assets and liabilities

4.34. Within the AAR the ATOL holder will be asked whether their ATOL Reporting Accountant was appointed as the registered auditor, whether the financial statements were audited and whether the audit opinion was modified, i.e. has the auditor included an unqualified opinion or is there an exception or adverse opinion? The ATOL Reporting Accountant will be asked to confirm these questions.

4.35. The AAR and the Airline Ticket Agent Report by ATOL Reporting Accountants need to be submitted to the CAA within nine months of the financial year end or by the ATOL renewal date, whichever is the earlier, so the reports can be considered as part of the ATOL renewal process. The general factual confirmations and the ring-fencing confirmations are required as instructed by the CAA depending on an individual ATOL holder's circumstances.

The Annual Accountants' Report (AAR)

4.36. As previously mentioned the ATOL holder is required to report their passenger numbers and passenger revenue data to the CAA as well as their financial information and this data will populate the AAR. This pulls together and confirms the information reported on periodically throughout the ATOL licence period (where applicable) plus some additional declarations made by the Accountable Person. The AAR contains the information on which the ATOL Reporting Accountant reports and fields in which the ATOL Reporting Accountant completes their report.

4.37. The AAR includes a report of whether the licensable revenue reported by sub category and by calendar quarter has been prepared in all material respects in accordance with CAA Regulations and guidance'.

4.38. The AAR also contains factual confirmations based on agreed upon procedures on the following information:

- Passenger numbers by booking date and departure date have been agreed to the ATOL holder's booking system
- Profit and loss and balance sheet information extracted from the financial statements has been agreed to the financial statements.

4.39. Once the relevant sections in the form have been reviewed by the ATOL Reporting Accountant there are a number of options to complete the report, which are tick boxes as follows:

- without exception and submit the form online directly to the CAA for review. The ATOL Reporting Accountant is able to either print and retain a hard copy or save the copy sent to the CAA online for their records.
- with exception, the exceptions having been provided in the form, and then submit the form online directly to the CAA. The ATOL Reporting Accountant is able to either print and retain a hard copy or save the copy sent to the CAA online for their records.
- If the ATOL Reporting Accountant is not satisfied with the data on either of the AARs he can reject them independently online without progressing with or completing the report and would then need to revert back to the ATOL holder for the data to be corrected.

4.40. Instead of printing and signing, the AAR form includes a tick box for the ATOL Reporting Accountant to confirm his/her details before sending to the CAA online.

4.41. The following table shows the online form numbers for the annual accountants' reports (AAR). These have been merged from a number of previous reports and are applicable for Standard and SBA ATOLs.

AAR reference numbers	Airline Ticket Agent Report
-Passenger revenue and passengers numbers for bookings and departures -Information from Financial Statements	Reporting the airlines on whose behalf sales of confirmed tickets to consumers were permitted.
AAR – Part 1 & 2	Form 3039

4.42. As above the AAR is in two sections, part one being for the information that the ATOL holder currently provides through their APC returns, passenger numbers and revenue, bookings and departures and part two is the new requirement for financial information.

Annual Accountants Report (AAR)		**Type of report from the ATOL Reporting Accountant (ARA)**
Part 1 – the ATOL holder provides the information in this column		
1	Licensable Gross Revenue • Booking date basis • Departure date basis	The ARA provides an opinion on the licensable gross revenue on a departure date basis only.
2	Licensable Passenger Number • Booking date basis • Departure date basis	The ARA agrees the numbers to ATOL holder systems
Part 2 – The ATOL holder provides the information in this column		

1	Revenue & Revenue Recognition - Policy on revenue recognition (customer departure or booking date basis) - Gross or net basis? - Which GAAP? - Deferred income/ (customer deposits)?	The ARA does not report on this information provided by the ATOL holder
2	Turnover/revenue reconciliation Current Financial Year Total Projected Revenue, as given in the ATOL application Form Total revenue for the prior financial year	
3	Loans subordinated to the CAA? Amount? Shown in short or long-term liabilities?	
4	SBA financial information from the financial statements of the ATOL holder	The ARA agrees the financial information to the financial statements.
5	Profit and loss & Balance Sheet information - UK GAAP, FRS102, FRS105 format	
6	Profit and loss & Balance Sheet information – IFRS/FRS101	
7	Was the accountant appointed as Registered Auditor of the ATOL holder? Were the financial statements audited? Was the audit opinion modified?	In reporting the ARA is confirming that ATOL holder's answers to these 3 questions are correct.

Independence & Professional Indemnity Insurance

4.43. Declaration of Independence of ATOL holder – by reporting to the CAA the ARA is confirming that they have complied with the independence requirements of their professional accountancy body's rulebook and hence, the principles of the IESBA Code of Ethics for Professional Accountant.

4.44. Professional Indemnity Insurance equal to liability Cap - by reporting to the CAA the ARA is confirming that their PII cover extends at least to the value of the liability cap with reference to the ATOL holder reported on.

Airline Ticket Agent Report

4.45. Under the ATOL Regulations 2012 (as amended) an Airline Ticket Agent is exempt from the need to hold an ATOL, provided that the sales are transacted correctly. Therefore, the CAA needs to be satisfied that the reported revenue of tickets sold on an Airline Ticket Agent basis, are actually sold on this basis. An Airline Ticket Agent report is required to confirm that revenue is being transacted correctly and where this is not the case, the agent is required to

include these sales within its Public Licensable Revenue, and this may result in an SBA requiring a full ATOL.

4.46. Where a ticket is issued for an airline the ATOL holder must have a written agency agreement in the form set out by the CAA or be an exempt member of IATA and therefore authorised by the relevant airline to make flight accommodation to a consumer, subject to a confirmed ticket being issued to the consumer and the statement that the flight is sold as Agent of the Airline(s) named on the ticket and is not protected under the ATOL.

4.47. An airline ticket agent must, immediately on receipt of any payment for the flight accommodation supply a confirmed ticket to a person who is present or in the case of a person who is not present by email or other equivalent electronic means or by post.

4.48. See also annex 3 of this Appendix A, which provides details of what sales should or should not be included as licensable;

Anti-Money laundering

4.49. The CAA would expect ATOL Reporting Accountants to be aware of their Anti-Money laundering reporting obligations. If during the course of preparing the AAR the ATOL Reporting Accountant discovers evidence of fraud, theft of money or any activity that falls within the definitions of the Proceeds of Crime Act 2002, the CAA would expect the ATOL Reporting Accountant to follow their Anti-Money laundering procedures.

Compliance and whistleblowing

4.50. Where ATOL holders do not comply with ATOL regulations the risk of consumer detriment is higher and there is also the risk of a financial cost to the ATT.

4.51. The CAA is a "prescribed person" under the Public Interest Disclosure Act 1998 for the purpose of receiving "protected disclosures" (whistleblowing) from the civil aviation industry. As such, the CAA is directly responsible for investigating any information of this nature that is received. A "worker" (which definition includes employees, independent contractors, agency workers and trainees) may make a complaint to the Employment Tribunal if he or she suffers a detriment as a result of making a "protected disclosure". An employee will be regarded as having been unfairly dismissed if the reason or principal reason for their dismissal is the making of a protected disclosure.

4.52. The CAA does not expect the ATOL Reporting Accountant to go looking for non-compliance subject matters but if during the course of his/her engagement, the ATOL Reporting Accountant becomes aware of breaches[5] of the ATOL regulations by the ATOL holder then he/she should report them directly to the CAA, using either the web link below where there is a report form available, phone the CAA Whistleblowing Focal Point on 01293573190 or email: atolenforcement@caa.co.uk.

4.53. Further details on whistleblowing can be found on the CAA website using the following link: www.caa.co.uk/whistleblowing

[5] Breaches which an ARA might identify during testing and report include, a breach of the ATOL Standard Terms, any of the conditions of the 'Offer Letter' are not met, trading ATOL sales whilst there is a gap in the expiration of an ATOL and the date of the new (renewal) ATOL, a period of time when there is no Accountable Person, selling packages without issuing an ATOL certificate, or using the ATOL logo after expiry of an ATOL.

Specific factual confirmations

4.54. The CAA bases its view of an ATOL holder's and applicant's finances on its financial statements (which the CAA acknowledges have, for a company, been prepared for its members as a body pursuant to the requirements of the Companies Act) and the information reported in the AAR. However, in some cases, the CAA may also ask ATOL Reporting Accountants to report on specific matters directly to the CAA. For example, if the CAA requires new finance to be injected into an ATOL holder, in order to grant or renew an ATOL, it will ask the ATOL Reporting Accountant to provide a factual confirmation that funds have been received by the ATOL holder. It may be unable to grant or renew an ATOL licence without such confirmations. See Annex 8 of this Appendix A for further guidance and agreed work procedures.

Ring fence confirmations

4.55. When looking at the financial position of an ATOL holder or applicant, which is part of a group, the CAA will normally make its assessment on the financial position of the group as a whole. In some cases, the financial position of the group is unable to meet the CAA's criteria and the CAA is asked to consider an ATOL holder on a stand-alone basis. In order to do this the CAA needs to consider if an ATOL holder is operating independently of its group. See Annex 9 of this Appendix A for further guidance and agreed work procedures.

4.56. In such cases, the CAA requests undertakings from the ATOL holder which are supported by factual confirmations by the ATOL Reporting Accountant. The CAA will require:

- an undertaking from the directors regarding the ring-fenced arrangements (this will be required each year and must be confirmed by the ARA that the terms of the undertaking provided by the directors were adhered to during the previous financial year);
- to review arrangements entered into by the ring-fenced entity particularly when the potential of an ATOL holder failure is high (the arrangements are checked to confirm that the ring-fenced entity controls its own cash, is not restricted when trying to raise additional cash and that its assets cannot be accessed by companies outside of itself);
- to review any arrangements that provide additional financial support to the ATOL holder, the ring-fenced entity or the group (this is to protect the autonomy of the ring-fenced entity);
- confirmation that the ring-fenced entity is structurally separate and is able to operate in the event of failure of companies outside the ring fence.

4.57. Further guidance and definitions of the terms used is provided in the ATOL Policy and Regulations paper on Groups and Related Parties, which can be located on the ATOL website using the following link ATOL Groups and Related Parties or using the link in Annex 12 of this Appendix A.

ANNEX 1

Definitions

Unless otherwise indicated, the terms in this Appendix A have the same meaning as those terms in:

a) the ATOL Regulations 2012 (as amended) (as defined below);
b) the ATT Regulations (as defined below);
c) the ATT Deed (as defined below);
d) the ATOL holder's ATOL licence document; and
e) ATOL Standard Terms of an Air Travel Organisers' Licence.

The terms specific to this Appendix A are set out below:

'accountant' means (in the case of ATOL holders that require an audit of their annual accounts for CAA purposes[6]) the auditor that has issued an audit report on the ATOL holder's statutory accounts, unless otherwise agreed by the CAA or (in all other cases) an ATOL Reporting Accountant engaged by the ATOL holder to report on information provided by the ATOL holder to the CAA;

'Accountable Person' means the person from within the ATOL holder organisation responsible for ensuring that the ATOL holder complies with the terms and conditions of the ATOL. The ATOL Policy and Regulations 2014/01 (ATOL Policy and Regulations 2025/01) require that the Accountable Person is either a director of the company, the sole trader or a partner in a partnership;

'Accredited Body' means an ATOL holder accredited by the CAA as an Accredited Body under Regulation 33 of the ATOL Regulations 2012 (as amended);

'Accredited Body member' means a member who operates under the umbrella of an ATOL holder, who holds an accredited body accreditation, without the need for their own ATOL. Where a member of an accredited body makes available flight accommodation, the accredited body is liable to the consumer to the same extent as if it were the member;

'Airline Ticket Agent' means a person appointed by an aircraft operator as its agent to make available flight accommodation on a flight operated by that aircraft operator. An airline ticket agent must, immediately on receipt of any payment for the flight accommodation supply a confirmed ticket to a person who is present or in the case of a person who is not present by email or other equivalent electronic means or by post. Under the ATOL Regulations 2012 (as amended) an Airline Ticket Agent is exempt from the need to hold an ATOL. In this context this means any person who makes available flight accommodation to a consumer where that person is authorised by the relevant airline to do so in accordance with IATA rules and subject to a confirmed ticket being issued to the consumer and the statement that the flight is sold as Agent of the Airline(s) named on the ticket and is not protected under the ATOL scheme. Annex 3 of this Appendix A provides details of what sales should or should not be included as licensable;

'Annual Accountants' Report (AAR)' means the APC returns, AAR, Airline Ticket Agent report, factual confirmations and ring-fencing report;

'APC' means ATOL Protection Contribution;

[6]This is in reference to CAA's requirement for audited accounts as part of the ATOL application process or where required.

'Approved professional accountancy body' means a professional accountancy body approved by the CAA under the ATOL Reporting Accountants' Scheme and who are able to designate 'suitably qualified accountants' under this scheme;

'AST' means ATOL Standard Terms in the 'Official Record Series 3 (ORS3);

'ATOL' means Air Travel Organiser's Licence granted by the CAA;

'ATOL Certificate' means a document which complies with any requirement as to the form and content of an ATOL certificate which have been published by the CAA under ATOL Regulation 19;

'ATOL holder' means a person who holds an Air Travel Organiser's Licence granted by the CAA under the ATOL Regulations 2012 (as amended) and includes those that hold an SBA, a Trade ATOL, and a Franchise Member ATOL;

'ATOL holder failure' means failure of an ATOL holder occurs where the CAA holds an opinion that an ATOL holder or a person who held an ATOL within the previous 3 months has gone into insolvency; cannot or will not be able to meet its obligations to its customers; or will fail to meet its obligations to its consumers; and the CAA publishes a notice of failure of that ATOL holder in the CAA's Register of Failed ATOL holders [available on the ATOL website];

'ATOL bond' means a bond provided to the ATT Trustees as a condition of that ATOL.

'ATOL limit' means the maximum annual licensable revenue in the Public sales category authorised under ATOL;

'ATOL Regulations 2012' means the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended);

'ATOL to ATOL Sale' means making available flight accommodation to another ATOL holder other than in circumstances where the other ATOL holder is the ATOL holder's agent. Licensable transactions constituting seats sold to another ATOL holder (whether as a Flight-Only sale or as part of a package) for resale under the buying ATOL holder's ATOL licence;

'ATOL Reporting Accountant (ARA)' means a firm or individual who is a 'suitably qualified accountant' designated by its professional body under the ATOL Reporting Accountants' Scheme (ARA Scheme) and who is engaged by the ATOL holder to report on information provided by the ATOL holder to the CAA. In a firm only an individual will be able to sign the AAR, although they would sign for and on behalf of the firm.

'ATT' means Air Travel Trust;

'ATT Regulations' means the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007 (as amended);

'confirmed ticket' means a document or information for travel on the airline's services which will enable the ticket holders to be carried in those services without the ticket holders being required to make any further payment but otherwise subject to its terms and conditions;

'consumer' is defined in the ATOL Regulations. It includes a traveller and means an individual who—
(a) makes use of flight accommodation for travel in person or provides it to another person who uses that flight accommodation for travel in person

(b) intends to make use of flight accommodation for travel in person or intends to provide it to another person to use that flight accommodation for travel in person; or

(c) makes use of flight accommodation for travel in person which has been provided to them by a person who is a consumer by reason of sub-paragraph (a);

but is not a person who procures flight accommodation in the course of business while acting as the agent of another person who uses that flight accommodation for travel in person.

'customer deposits' means monies received by the ATOL holder as payment or part payment, for flight accommodation – whether sold as a Flight-Only, a Single-contract Package or a Multi-contract Package, in advance of the date of departure;

'departed passenger' means passengers that have actually departed on the first leg of their Flight-Only, Single-contract Package or Multi-contract Package, or in the case of ATOL to ATOL sales, seats sold to the buying ATOL holder on flights that have departed;

'departure date basis' means the basis for revenue recognition which is the preferred method of CAA for Public licensable revenue;

'approved accountancy body' a professional accountancy body approved under the ATOL Reporting Accountants' Scheme who can designate their members to perform 'ATOL Reporting';

'fails, failure failed' has the meaning, in respect of an ATOL holder prescribed in ATOL Regulation 23;

'flight accommodation' means accommodation for the carriage of a person on flights in any part of the world;

'Flight-Only provider' means a person who as a principal or agent makes available flight accommodation only;

'**Franchisee**' means the holder of a Franchise that operates under the ATOL Scheme, in agreement with Air Travel Trust;

'Franchise Member ATOL holder' means the holder of an ATOL who is a member of a body that has entered into a Franchise Agreement with the Air Travel Trust;

'gross invoice value' means monies received or expected to be received from a consumer before the first leg of their trip is due to commence;

'group' means a parent company and its subsidiaries (as defined in Companies Act 2006 – Section 1159) or where the CAA's financial assessment covers more than one ATOL holder (Please note in the specific circumstances of calculating accountants' liability caps (see Annex 2 of this Appendix A));

'IATA' means International Air Transport Association;

'**key components**' means the key components of the ATOL Reporting Accountants' Scheme and which are included in the agreement between the approved professional accountancy bodies and the CAA;

'Licence Limit' means the amount of the Public Revenue Licence Limit and/or licensable passenger numbers authorised by the CAA under the ATOL;

'Licensable revenue' means 'revenue' arising from 'Licensable transactions';

'Licensable transaction' means an offer made by a consumer (or their agent) to purchase flight accommodation for one or more persons on a flight which is accepted by (i) an air travel organiser; or (ii) where an ATOL is held by an Accredited Body, a member of that Accredited Body, and constitutes an activity in respect of which that air travel organiser or Accredited Body is required to hold an ATOL;

'**Multi-contract Package'** is as defined in the ATOL Standard Terms.

'package' is as defined in the ATOL Regulations. A package is a combination of at least two different types of travel service for the purpose of the same trip or holiday, if—

(a) those services are combined by one trader, including at the request of, or in accordance with the selection of the traveller, before a single contract on all services is concluded; or
(b) those services are—
  (i) purchased from a single point of sale and those services have been selected before the traveller agrees to pay,

(ii) offered, sold or charged at an inclusive or total price,
(iii) advertised or sold under the term "package" or under a similar term,
(iv) combined after the conclusion of a contract by which the trader entitles the traveller to choose among a selection of different types of travel services, or
(v) purchased from separate traders through linked online booking processes where—
(aa) the traveller's name, payment details and e-mail address are transmitted from the trader with whom the first contract is concluded to another trader or traders; and
(bb) a contract with the latter trader or traders is concluded at the latest 24 hours after the confirmation of the booking of the first travel service, irrespective of whether separate contracts are concluded with individual travel service providers.

A combination of travel services where not more than one type of travel service as referred to in paragraph (a), (b) or (c) of the definition of "travel service", in paragraph (3), ("the principal travel service") is combined with one or more tourist services as referred to in paragraph (d) of that definition is not a package if the latter services—

(c) do not account for a significant proportion of the value of the combination and are not advertised as, and do not otherwise represent, an essential feature of the combination; or
(d) are selected and purchased only after the performance of the principal travel service has started.

'passenger' means any person due to travel under the terms of a licensable transaction, excluding a child below the age of two on the date of return to the original departure point who is not allocated a separate seat before boarding the aircraft;

'payment period' means a period of a quarter or (as the case may be) of 1 calendar month determined by the CAA to be applicable to a class of ATOL holder, or to a particular ATOL holder, in accordance with Regulation 6 and published in Section 2 of CAA's Official Record Series 3;

'Public' means the Public category and its' sub categories of Flight-Only, Single-contract Package or Multi-contract Package on an ATOL licence which covers Licensable transactions constituting sales to consumers;

'related party' means a person who has links with the ATOL holder through common shareholders, directors, partners or where there are significant levels of trading or financial links. "Related to the ATOL holder" shall be interpreted accordingly;

'revenue' means gross invoice value unless specified otherwise;

'**reporting period'** means a period of a quarter or (as the case may be) of a calendar month or annual determined by the CAA to be applicable to a class of ATOL holder, or to a particular ATOL holder;

'Small Business ATOL holder' ('SBA') means a person who holds a Small Business ATOL, as defined in the ATT Regulations 2007 (as amended);

'**Single-contract Package'** is as defined in the ATOL Standard Terms.

'**Standard ATOL holder'** means any ATOL holder who is not an SBA holder;

'Third party' means arrangements for an ATOL licence with third parties, which covers the ABTA-ATOL Joint Administration Scheme, the Accredited Body arrangements and either the franchise ≤1,000 passengers or >1,000 passenger, which constitute sales to consumers;

'Trade licence' means an ATOL licence that only allows sales to other ATOL holders and not to consumers and therefore only has the ATOL to ATOL category;

'Travel service' is as defined in the ATOL Regulations. Travel service means—

(a) the carriage of passengers;

(b) accommodation which is not intrinsically part of the carriage of passengers and is not for residential purposes;

(c) the rental of—

(i) cars;

(ii) other motor vehicles within the meaning of Article 3(11) of Directive 2007/46/EC of the European Parliament and of the Council establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles(b); or

(iii) motorcycles requiring a Category A driving licence in accordance with point (c) of Article 4(3) of Directive 2006/126/EC of the European Parliament and of the Council on driving licences(c);

(d) any other tourist service not intrinsically part of a travel service within the meaning of paragraph (a), (b), or (c).

ANNEX 2

The Small Business ATOL Scheme (SBA)

As is the case for other ATOL licence holders SBA ATOL holders are required to pass the financial assessment that includes existing and new applicants. In addition to the financial assessment new applicants are required to meet certain requirements for paid up share capital and bonding levels.

	Financial assessment	Paid up share capital	Bonding	Licence limits (eligibility criteria)
Current SBAs	Financial ratios test	No minimum set	No change to existing levels (subject to existing policy)	<500 passengers and ≤£1 million licensable revenue
New applicant SBAs	Financial ratios test	£30,000	Higher of: £50,000 or 15% Year 1 £40,000 or 12.5% Year 2 £30,000 or 10% Year 3 £20,000 or 7.5% Year 4	<500 passengers and ≤£1 million licensable revenue
Standard ATOLs	Financial ratios test	£30,000	For new applicants Higher of: £50,000 or 15% Year 1 £40,000 or 12.5% Year 2 £30,000 or 10% Year 3 £20,000 or 7.5% Year 4	<£20 million licensable revenue

SBAs are required to submit reports to the CAA each quarter on the number of licensable passengers and corresponding revenue both on a booking date basis and departure date basis.

ANNEX 3

Advice on whether transactions for Passengers & Revenue are "Licensable"

In broad terms, an ATOL is required when a travel provider sells;

Flight-Only, Single-contract Packages or Multi-contract Packages as a principal. See also section below 'Which sales should not be counted as licensable'.

An ATOL is not required for sales made as an agent for other ATOL holders, providing that these sales are documented correctly. When payment is made for such agent bookings the consumer must immediately receive an ATOL Certificate (and for a package a Confirmation document within 3 days of payment). In addition, an ATOL is not required for a Flight-Only booking where the travel provider is an airline ticket agent, an IATA Accredited Agent or the ticket is sold under the 'Flight-Only Ticket Fully Paid Exemption'. and a confirmed ticket is issued as soon as that business accepts payment or where the ticket is sold on a credit basis

Sales of Single-contract Packages, Multi-contract Packages and Flights-Only (for which a confirmed ticket is not issued immediately at the time of payment) have to be sold under an ATOL licence and must be covered by ATOL holder's Reports.

A 'licensable transaction' means an offer made by a consumer (or their agent) to purchase flight accommodation for one or more persons on a flight which is accepted by an air travel organiser and constitutes an activity in respect of which the air travel organiser is required to hold an ATOL, i.e. a Flight-Only, Single-contract Packages or Multi-contract Packages. Who may make available flight accommodation is in accordance with ATOL Regulation 2012 s9, 9A & 9B. An extract from the ATOL Regulations is shown here.

A person must not in the UK make available flight accommodation unless that person is;

A1 the operator of the relevant aircraft;
A2 an ATOL holder acting in accordance with the terms of its ATOL;
A3 a person who is exempt from the need to hold and ATOL by reason of regulation 10; or
A4 a person who is exempt by the CAA under regulation 11 from the need to hold an ATOL.

ATOL Certificate

An ATOL certificate should always state whether the sale is a Flight-Only, Single-contract Package or a Multi-contract Package, which services are ATOL protected and which ATOL holder's ATOL is protecting those services. The form and content of an ATOL certificate are described in ATOL Regulation 19. ATOL certificate examples can be found in the back of the CAA Official Record Series 3 using the following link:

http://www.caa.co.uk/ORS3

Accredited Bodies

The arrangement for an Accredited Body and its members is similar to how a tour operator and an agent would operate, with the tour operator and Accredited Body accepting liability for the licensable sales of the agents or members respectively. An Accredited Body's Public Licensable sales will include all member Licensable sales. All Accredited Body members are expected to utilise the central on-line reservation systems of the Accredited Body to which they are a member. The membership agreement between an Accredited Body and its' members also includes the term that the member is not permitted

to sell outside of this agreement. The full Schedule of Accredited Body Standard Terms under ATOL Regulation 48 can be found in the Official Record Series 3, Air Travel Organisers' Licensing.

Which passengers should be counted as licensable?

Licensable business is divided into two categories. These are:

- **Public - (sub categories – Flight-Only, Single-contract Packages or Multi-contract Packages) sold to consumers**

This covers packages based on either scheduled or charter flights, and Flight-Only sales for which a confirmed ticket is not issued immediately.

- **ATOL to ATOL – sales to other ATOL holders for resale under the buying ATOL holder's ATOL**

The buying ATOL holder usually sells on to the consumer. The business covered is normally air seats but occasionally Single-contract Packages may also be sold in this way. The selling ATOL holder must check that the buyer holds an ATOL and that the buyer's Licence Limit is sufficient to sell to passengers the seats it is buying. The Supplier invoice' issued by the seller must make clear that the sale is ATOL to ATOL and that the seat will be sold to the public under the buyer's ATOL. For reporting purposes CAA is only concerned with the ATOL to ATOL sales to unrelated ATOL holders [referred to as "external" seat sales] and not ATOL to ATOL sales to other ATOL holders in the same Group [referred to as "internal" seat sales].

What should be included in licensable revenue?

"Licensable revenue" is the income that arises from the licensable passengers described above and is only reported on for the Public sales category, including sub categories. It is the gross invoice value arising from the passengers in the relevant period - that is, the total sum they paid or are due to pay for their flights or holidays. It will therefore include the selling price of the flight or flights provided, plus any of the following that form part of the same combination:

- the **selling price** of any items that constitute part of the same package holiday - hotel accommodation and meals, self-catering apartment or car hire;
- **ancillary items** like excursions or cruises, ski or sports tuition, entrance fees or hire of specialist equipment, provided that these are included in the same sale as the flight or holiday, as opposed to purchased later;
- **any taxes, duties or surcharges** added on to the basic price quoted;
- **agent's commission** - even though this will usually have been deducted from the cash amount transmitted by the agent to the ATOL holder; and
- **insurance**, where this is sold by the ATOL holder rather than by an agent.

ATOL holders should have processes to ensure that the items such as agent's commission are included where applicable.

When are passengers and revenue counted?

A relevant 'booking' means a booking made by a consumer to purchase flight accommodation for one or more persons on a flight; and which is accepted by an ATOL holder and constitutes an activity in respect of which that ATOL holder is required to hold an ATOL licence. For the purpose of the bookings reports [monthly, quarterly or annual] revenue and passengers are taken as occurring when the ATOL

holder contracts with the customer (with or without part or full payment) for a licensable booking under their own ATOL.

For the purpose of the departed passengers report, revenue is taken as occurring when the passenger departs on the first leg of their Flight-Only, Single-contract Package or Multi-contract Package. If a passenger has his outbound flight during one quarter, then the price he pays counts as revenue for that quarter, even though he may have paid in the previous quarter or his return journey may be in the next.

Which sales should not be counted as licensable?

- any sales that do not include air travel;
- Flight-Only sales transacted on an 'airline ticket agent' basis, where the ATOL holder has written agreement with the aircraft operator which allows the ATOL holder to issue a confirmed ticket. Flight-Only sales sold under the IATA Accredited Agents Selling Flight-Only Exemption (05/2018) or under the Flight-Only Ticket Fully Paid Exemption (02/2018). In both cases the ATOL holder. The ATOL holder must issue the confirmed ticket immediately in exchange for payment, [in broad terms to qualify as a confirmed ticket it would mean that the airline would carry regardless of having received payment.] For sales on this basis the ticket issuer must declare that they have advised the consumer that there is no ATOL protection. These exclusions do not apply where the flight is a component of a package.
- Further details of the 05/2018 IATA Accredited Agents Selling Flight-Only Exemption and the 02/2018 Flight-Only Ticket Fully Paid Exemption can be found in the ATOL Regulations 2012 (as amended) Regulation 11.
- Flight-Only and package sales sold under and in accordance with a general business travel agreement or sales made on a not-for profit basis to a limited group of consumers.
- Flight-Only sales where the customer only pays after the flight(s) have been completed. Such arrangements can occur for some 'business house sales' which are on credit terms.
- "retail" sales, where the ATOL holder sells another ATOL holder's product as an agent for the other ATOL holder, usually for a commission. The ATOL holder must have a written agency agreement with the other ATOL holder. These retail sales can be in respect of Flight-Only or Single-contract Packages or Multi-contract Packages. An ATOL holder who acts as another's agent must provide an ATOL Certificate to the customer at the time of payment. The ATOL holder acting as the other ATOL holder's agent must either produce the ATOL Certificate on behalf of the other ATOL holder or the other (principal) ATOL holder must produce the ATOL Certificate and make this available to the ATOL holder to pass onto the customer.

If you have any doubt about whether or not your client has properly reported and categorised his licensable or non-licensable business, please contact the CAA for advice. We shall try to help, and our aim is to get the returns right rather than to penalise your client for errors. In addition, an ARA can contact their professional accountancy body who have technical advisers familiar with ATOL reporting who could help resolve your query.

Agent for an ATOL holder

Acting as agent for an ATOL holder means a person, subject to conditions, who acts as agent on behalf and with the authority of a disclosed identified principal who is an ATOL holder. Further details can be

found in the ATOL Regulations 2012 (as amended) (Part 2 Reg12). http://www.legislation.gov.uk/uksi/2012/1017

Airline Ticket Agent

Acting as an airline ticket agent means a person, subject to conditions, appointed by an aircraft operator as its agent to make available flight accommodation on a flight operated by that aircraft operator. The agent must have either, a written agency agreement with the airline, which must include that the airline will honour the ticket even if it has not been paid for; or issue tickets under its own IATA agreement as an IATA Accredited Agent.

The airline ticket agent must not buy tickets from another travel business which is not an airline and they must sell to the consumer only.

Further details can be found in the ATOL Regulations 2012 (as amended) (Part 2 Reg13). An extract from the ATOL regulations is provided below:

ATOL Regulations: Acting as an airline ticket agent

- Reg. s 13(1) – "Airline ticket agent" means, subject to paragraph (2) to (5), a person appointed by an aircraft operator as its agent to make available flight accommodation on a flight operated by that aircraft operator.
- Reg. s 13(2) - An airline ticket agent must not make available flight accommodation except to a person who the airline ticket agent has reasonable grounds for believing is the consumer of that flight accommodation.
- Reg. s 13(3) – An airline ticket agent must act in accordance with a written agency agreement under which the airline ticket agent is entitled to supply a confirmed ticket as required by paragraph (4).
- Reg. s 13(4) – An airline ticket agent must, immediately upon receipt of any payment for the flight accommodation supply a confirmed ticket by the specified method.
- Reg. s 13(5) - When supplying a confirmed ticket as required by paragraph (4), the airline ticket agent must at the same time and by the same method, notify the person to whom the ticket is supplied that they are an airline ticket agent for that aircraft operator.

ANNEX 4

CAA Standard ARA-ATOL Terms of Engagement [7] (Version dated May 2022)

The following are the CAA's pre-agreed terms of engagement of ATOL Reporting Accountants by ATOL holders to prepare reports required by the CAA in connection with the ATOL holder's obligations under the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended) and the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007 (as amended).

These terms must be included, unamended, within the wider terms of engagement between the ATOL holder and the ATOL Reporting Accountant. However, none of the wider terms may contradict or purport to contradict these terms and the ATOL holder and the ATOL Reporting Accountant agree that any that purport to do so will be void.

A contract between an ATOL holder, its ATOL Reporting Accountants, the CAA on its own behalf and as agent for the Trustees of the Air Travel Trust on these terms is formed when the ATOL holder and the ATOL Reporting Accountant sign and submit to the CAA a Report as set out in Clause 3 herein.

In these terms of engagement:

"CAA" refers to the Civil Aviation Authority;

"Accountable Person" refers to the ATOL holder's director with authority to ensure the ATOL holder complies with the terms and conditions of its ATOL acceptable to the CAA (pursuant to ATOL Regulation 32);

"ARA" refers to the ATOL Reporting Accountant;

"ATT" refers to the Trustees for the time being of the Air Travel Trust;

"the ATOL holder" refers to the air travel organiser that is required to submit a Report to the CAA;

"the Accountants" refers to the ATOL holder's ATOL Reporting Accountant as defined in the ATOL Standard Term 3, published in the CAA's Official Record Series 3, pursuant to ATOL Regulation 40(1);

"Appendix A" refers to the publication by the CAA of the Requirements for ATOL Reporting Accountants in Official Record Series 3 published May 2022.

1. Introduction

1.1. The ATOL holder is required to submit to the CAA Reports as set out in Clause 3 below that are signed by their Accountants to provide independent assurance or factual confirmations on the information provided. These CAA Standard ARA-ATOL Terms of Engagement set out the basis on which the Accountants will sign the Report.

[7]These CAA Standard ARA-ATOL Terms of engagement do not cover any reports requested by the CAA in connection with lapsed licences and the release of bonds, sub-ordinated loans, guarantees and redemption of preference shares.

2. The ATOL Holder's Responsibilities

2.1. The ATOL holder is responsible for producing the information set out in the Reports, maintaining proper records complying with the terms of the CAA's ATOL Standard Terms and providing relevant financial information to the CAA on a monthly, quarterly and annual basis in accordance with the requirements of the ATOL Standard Terms. The ATOL holder is responsible for ensuring that the non-financial records are reconcilable to the financial records.

2.2 The ATOL holder's Accountable Person will ensure that all records, correspondence, information and explanations that the Accountants consider necessary to enable the Accountants to perform the Accountants' work are made available to the Accountants.

2.3 The ATOL holder, the CAA and the ATT accept that the ability of the Accountants to perform their work effectively depends upon the ATOL holder providing full and free access to the financial and other records and the ATOL holder shall procure that any such records held by a third party are made available to the Accountants.

2.4 The Accountants accept that, whether or not the ATOL holder meets its obligations, the Accountants remain under an obligation to the CAA and the ATT to perform their work with reasonable care. The failure by the ATOL holder to meet its obligations may cause the Accountants to qualify their report or to be unable to provide a report.

3. Scope of the Accountants' Work

3.1. The ATOL holder will provide the Accountants with such information, explanations and documentation that the Accountants consider necessary to carry out their responsibilities. The Accountants will seek written representations from management in relation to matters for which independent corroboration is not available. The Accountants will also seek confirmation that any significant matters of which the Accountants should be aware have been brought to the Accountants' attention.

3.2. The Accountants will perform the following work in relation to the Reports required by the CAA[8]:

3.2.1. Annual Accountants' Report (Part 1): Licensable Revenue on a departure date basis (or recognised over the period from departure date to return date of the package): The Accountants will perform such procedures as are necessary, for forming an opinion as to whether the total annual Licensable Revenue declared in section 1 of Part 1 of the Annual Accountants' Report has been prepared, in all material respects, in accordance with CAA Regulations and Guidance and subject to any adverse findings will produce a report in the form provided in the ATOL online system. An example of AAR Part 1 including the accountants report has been provided in Annex 10.

3.2.2. Annual Accountants' Report (Part 1): Licensable passenger numbers on a booking date and departure date basis: The Accountants will

[8]The following reports will be required depending on the category of ATOL holder and whether requested by the CAA and Accountants should be aware of the requirement for each engagement accordingly:

a) Standard ATOL holders - 3.2.1 to 3.2.4 above;
b) SBAs – 3.2.1 to 3.2.4 above;
c) Trade licences – 3.2.2 but departure date basis only and 3.2.3 above;
d) Franchise Member ATOL holders ≥ £5m ATOL revenue – 3.2.1 to 3.2.3 above;
e) Franchise Member ATOL holders < £5m ATOL revenue – no reporting required;
f) Other Reports outlined under 3.2.5 and 3.2.6 will only be requested in specific circumstances.

perform the work procedures set out in Annex 7 of Appendix A on both an annual and 4 calendar quarters basis and subject to any adverse findings will produce a report in the form provided in the ATOL online system.

3.2.3. Annual Accountants' Report (Part 2): Extraction of information from the ATOL holder's Financial Statements: The Accountants will perform the work procedures set out in Annex 7 Appendix A and subject to any adverse findings will produce a report in the form provided in the ATOL online system.

3.2.4. Airline Ticket Agent Report: The Accountants will perform the work procedures set out in Annex 7 of Appendix A and subject to any adverse findings will produce a report in the form set out in Annex 10.

3.2.5. Factual Confirmations Report: The Accountants will perform the work procedures set out in Annex 8 of Appendix A on request by the CAA to the ATOL holder for an accountants' confirmation report and subject to any adverse findings will produce a Factual Confirmations report in the form set out in Annex 8 of Appendix A;

3.2.6. Ring Fencing Report: The Accountants will perform the work procedures set out in Annex 9 of Appendix A on request by the CAA to the ATOL holder for an accountants' ring fencing report and subject to any adverse findings will produce a Ring Fencing report in the form set out in Annex 9 of Appendix A.

3.2.7. The Accountants will not subject the information provided by the ATOL holder to checking or verification except to the extent expressly stated. While the Accountants will perform their work with reasonable skill and care and will report any misstatements, frauds or errors that are revealed by enquiries within the scope of the engagement, the Accountants' work should not be relied upon to disclose all misstatements, fraud or errors that might exist.

4. Form of the Accountants' Reports

4.1. The Accountants' Reports are prepared on the following bases:

4.1.1. The Accountants' Reports are prepared solely for the confidential use of the ATOL holder and the CAA and solely for the purpose of submission to the CAA in connection with the CAA's requirements in connection with the ATOL holder's Air Travel Organiser's Licence. They may not be relied upon by the ATOL holder or the CAA for any other purpose except as provided in 4.1.2 below;

4.1.2. The CAA may disclose the Reports to the ATT in connection with any actual or potential liability to the ATT that may arise out of the business conducted by the ATOL holder, and the ATT will be entitled to rely on them subject to the terms of this agreement. The ATT may share the Accountants' Reports and/or the information contained in the Accountants' Reports with;

- the ATT's insurers in connection with making an insurance claim, where required by the ATT obligations under its contract of insurance; and
- the ATT's own statutory auditors and legal advisors;

and the Accountants do not object to such disclosure provided that the ATT's insurers and the ATT's own statutory auditors and legal advisors agree for the benefit of the

Accountants (and the CAA produces evidence of such agreement if and when requested by the Accountants) that:

a) the Reports prepared by the Accountants are designed to meet the agreed requirements of the CAA, the ATT and the ATOL holder only;

b) the Reports are not to be regarded as suitable to be used or relied on by any party wishing to acquire any rights against the Accountants other than the CAA, the ATT and the ATOL holder in accordance with this agreement;

c) the Accountants do not assume any responsibility in respect of their work performed for the CAA, the ATT and the ATOL holder or the Reports, or any judgments, conclusions, opinions, or findings that the Accountants may have formed or made, to any party except the CAA, the ATT and the ATOL holder in accordance with this agreement;

d) to the fullest extent permitted by law the Accountants accept no liability in respect of any such matters to any party except the CAA, the ATT and the ATOL holder in accordance with this agreement;

e) should any party except the CAA, the ATT or the ATOL holder choose to rely on the work performed by the Accountants or the Reports, that party will do so at its own risk; and that

f) the Reports are to remain confidential in the hands of the ATT's insurers and the ATT's own statutory auditors and legal advisors.

Neither the ATOL holder, the CAA nor the ATT may rely on any oral or draft reports the Accountants provide. The Accountants accept responsibility to the ATOL holder, the CAA and the ATT for the Accountants' final signed reports only;

4.1.3 Except as provided for in clause 4.1.2 above and clause 4.1.5 below, the Accountants' Reports must not be recited or referred to in whole or in part in any other document (including, without limitation, any publication issued by the CAA);

4.1.4 Subject to clause 4.1.2 above and except to the extent required by court order, law or regulation or to assist in the resolution of any court proceedings, the Accountants' Reports must not be made available, copied or recited to any other person (including, without limitation, any person who may use or refer to any of the CAA's publications);

4.1.5 The Accountants, their partners and staff neither owe nor accept any duty to any person other than the ATOL holder, the CAA or the ATT in accordance with this agreement (including, without limitation, any person who may use or refer to any of the CAA's Publications) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on representations in the Accountants' Reports.

5. Rights and duties of the Accountants

5.1.1 An ATOL holder recognises that, if during the course of preparing an Accountants' report the Accountants become aware of breaches of the ATOL Regulations by the ATOL holder, the Accountants are required to report them directly to the Civil Aviation Authority, in accordance with the terms of their designation as an ARA and as set out in more detail in Appendix A.

5.1.2 The Accountants may make that report without prior reference to the ATOL holder.

5.1.3 To the extent necessary to enable the Accountants to comply with this requirement, the ATOL holder waives the right of confidentiality. This waiver extends to any report made,

document produced or information disclosed to the Civil Aviation Authority in good faith pursuant to these instructions, even though it may subsequently transpire that the Accountants were mistaken in their belief that there was cause for concern.

6. Liability Provisions

6.1. The Accountants will perform the engagement with reasonable skill and care and acknowledge that they will be liable to the ATOL holder, the CAA and the ATT for losses, damages, costs or expenses ("losses") caused by their breach of contract, negligence, or dishonesty or fraud or other deliberate breach of duty, subject to the following provisions:

6.1.1 The Accountants will not be so liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the Accountants, except where, on the basis of the enquiries normally undertaken by Accountants within the scope set out in these CAA Standard ARA-ATOL Terms of Engagement, it would have been reasonable for the Accountants to discover such defects;

6.1.2 The Accountants accept liability without limit for the consequences of their own fraud and for any other liability which it is not permitted by law to limit or exclude;

6.1.3 Subject to the previous clause (6.1.2), the total aggregate liability of the Accountants whether in contract, tort (including negligence) or otherwise, to the CAA, the ATT and the ATOL holder, for any losses suffered by the CAA, the ATT, or the ATOL holder arising from or in connection with the work which is the subject of these terms (including any addition or variation to the work), shall not exceed an amount to be agreed between the parties by separate written agreement or, in the absence of such agreement, calculated in accordance with the CAA's capping formula published in Appendix A ("the Liability Cap");[9]

In accepting an Accountants report prepared under an engagement in these terms the CAA and the ATT and the ATOL holder agree that the Liability Cap will be shared between them and that their respective claims against the Accountant shall be dealt with in accordance with the following priority. In the event of successful claims against the Accountants by more than one of the CAA, the ATT and the ATOL holder, the CAA and the ATT shall be entitled to recover their loss in priority to the ATOL holder subject always to the maximum Liability Cap. The Accountants shall notify the CAA if a claim is commenced by the ATOL holder against the Accountants but the Accountants are not party to the separately agreed priority set out in the preceding sentence. Nothing in this clause will affect the validity or operation of clause 6.1.5 below;

6.1.4 The Accountants' liability arising after the application of the other provisions of this clause 6 (above and below) shall in aggregate be limited to that proportion of the total losses, after taking into account contributory negligence (if any), which is just and equitable having regard to the extent of the responsibility of the Accountants for the losses, and the extent of responsibility of any other person ("Other Person");

[9] The Requirements for ATOL Reporting Accountants is available on the CAA's website at Appendix A of the Official Record Series 3: ATOL reporting accountants scheme | UK Civil Aviation Authority

Individual firms of accountants need to consider whether or not to accept the CAA's offered capping formula or negotiate a liability cap with the CAA by separate agreement. Such consideration will take into account, inter alia, whether the limitation is appropriate to the scope of the engagement, the fees generated, their assessment of risks in undertaking the work and their internal risk management policies. Where firms consider that they are unable to accept the formula, they may wish to negotiate their own individual capping arrangements with the CAA.

In order to calculate the proportionate share of the Accountants' liability, no account shall be taken of any matter affecting the possibility of recovering compensation from any Other Person, including the Other Person having ceased to exist, having ceased to be liable, having an agreed limit on its liability or for other reasons being unable to pay, and full account shall be taken of the Other Person's responsibility even if that Other Person is not a party or witness to any relevant proceedings;

6.1.5 The allocation of the Liability Cap between the CAA, the ATT and the ATOL holder shall be entirely a matter for the CAA, the ATT and the ATOL holder, who will be under no obligation to inform the Accountant of it. If (for whatever reason) no such allocation is agreed, none of the CAA, the ATT and the ATOL holder will dispute the validity, enforceability or operation of the Liability Cap on the grounds that no such allocation is agreed.

6.2 This clause 6.2 shall not apply to any claim that might be brought against the Accountants separately by the ATOL holder. The CAA and the ATT agree that neither the CAA nor the ATT will bring any legal proceedings against the Accountants arising out of or in connection with this agreement or the services to be provided thereunder unless the ATT has suffered a loss as a result of the Accountants' breach of contract or their negligence arising from the provision of the services and: (i) a failure of the ATOL holder has occurred[10]; (ii) the loss to the Air Travel Trust (ATT) exceeds 15% of the ATOL holder's Public Revenue Licence Limit, or the total of the actual bond (if a bond was provided by the ATOL holder as a specific condition of its ATOL), whichever is the greater; and (iii) the CAA and/or the ATT have taken reasonable steps[11] to recover the loss from the ATOL holder or any guarantees provided to the CAA or the ATT by the principals of the ATOL holder or any other appropriate third parties. In the event that such conditions are satisfied, the CAA and the ATT further agree that the Accountants' liability shall, subject always to the Liability Cap referred to in clause 6.1.3 above, be limited to that proportion of the ATT loss that is in excess of 15% of the ATOL holder's Public Revenue Licence Limit or actual bond (if a bond was provided by the ATOL holder as a specific condition of its ATOL), whichever is the greater. Please see footnotes 5 and 6 below for definitions in respect of failure of the ATOL holder and reasonable steps. In the event that conditions (i) and (iii) are satisfied but condition (ii) is not, such that the loss to the ATT does not exceed the 15% threshold stated in (ii) and there is no bond, the Accountants' liability to the ATT and/or to the CAA shall be limited (on the basis stated above) to £250,000.

6.3 The ATOL holder, the CAA and the ATT agree that they will not bring any claims or proceedings against any individual partners, members, directors or employees of the Accountants. This clause is intended to benefit such partners, members, directors and employees who may enforce this clause pursuant to the Contracts (Rights of Third Parties) Act 1999 (the "Act"). Notwithstanding any benefits or rights conferred by this agreement on any third party by virtue of the Act, the parties to this agreement may agree to vary or rescind this agreement without any third party's consent. Other than as expressly provided in these terms, the Act is excluded.

6.4 Any claims, whether in contract, negligence or otherwise, must be formally commenced within two years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than four years after any alleged breach of contract, negligence or other cause of

[10]A failure of the ATOL holder will occur if an authorised signatory of the CAA has signed a Notice of ATOL holder failure in respect of that ATOL holder and has placed a copy of that Notice on the CAA's Register of Failed ATOL holders.

[11]Reasonable steps are either: the institution of legal proceedings where it is consistent with the ATT fiduciary duties and/or the CAA function and duties; or formal claim in any insolvency.

action. This expressly overrides any statutory provision which would otherwise apply. In the event that the CAA and/or the ATT delay commencing a claim against the Accountants in order to comply with their obligations under clause 6.2 to take reasonable steps to recover loss from the ATOL holder and any guarantors, time will be deemed to have stopped running for the purposes of this clause 6.4 for the period that the CAA and/or the ATT are taking such reasonable steps.

6.5 The services provided by the Accountants under this agreement are separate from and unrelated to the Accountants' audit work on the Financial Statements of the ATOL holder for the purposes of the Companies Act 2006 as appropriate (the "statutory audit work"). The Accountants' obligations under this agreement are entirely separate from the statutory audit work for the ATOL holder. Nothing in this agreement should be taken to and shall not add to or vary or extend in any way or on any basis any duty of care the Accountants may have in their capacity as auditor of the ATOL holder's Financial Statements, nor to create any obligations or liabilities on the Accountants regarding the Accountants' statutory audit which would not otherwise exist.

7. Fees

The Accountants' fees, together with VAT and out of pocket expenses, will be agreed with and billed to the ATOL holder, who will be responsible for the payment of such fees. Neither the CAA nor the ATT is liable to pay the Accountants' fees.

8. Quality of Service

The Accountants will investigate all complaints. The CAA, the ATT and the ATOL holder have the right to take any complaint up with the relevant Professional Accountancy Body under which Accountants are designated as an ATOL Reporting Accountant.

9. Providing Services to Other Parties

The Accountants will not be prevented or restricted by virtue of the Accountants' relationship with the ATOL holder, the CAA and the ATT, including anything in these CAA Standard ARA-ATOL Terms of Engagement, from providing services to other clients. The Accountants' standard internal procedures are designed to ensure that confidential information communicated to the Accountants during the course of an assignment will be maintained confidentially.

10. Applicable Law and Jurisdiction

10.1 This agreement shall be governed by, and interpreted and construed in accordance with, English law.

10.2 The ATOL holder, the CAA, the ATT and the Accountants irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise in connection with the validity, effect, interpretation or performance of, or the legal relationship established by this agreement or otherwise arising in connection with this agreement.

11. Alteration to Terms

Without prejudice to the ATOL holder's and the Accountants ability to agree additional terms that do not contradict or purport to contradict these CAA Standard ARA-ATOL Terms of Engagement no amendments and variations to these CAA Standard ARA-ATOL Terms of Engagement are permitted or binding unless agreed in writing and signed by the duly authorised representatives of the parties and the CAA. These terms

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supersede any previous agreements and representations between the parties in respect of the scope of the Accountants' work and the Accountants' Reports or the obligations of any of the parties relating thereto (whether oral or written) and, together with the matters included in the letter confirming the CAA Standard ARA-ATOL Terms of Engagement, represent the entire understanding between the parties. The CAA acknowledges that supplementary terms may be agreed between the Accountants and the ATOL holder but the CAA will not be party to those terms unless expressly agreed by the CAA. No terms negotiated between the ATOL holder and the ATOL holder's accountant may contradict or purport to contradict the CAA's mandated terms. Should they do so then the accountants' reports will not be acceptable to the CAA. In effect this will be a failure by the ATOL holder to comply with the terms of its ATOL, and ultimately can lead to licensing action being taken against the ATOL holder.

12. Termination

12.1 This agreement may be terminated by a party at any time by giving not less than 30 days' notice to each of the other parties.

12.2 This agreement may be terminated by a party by notice with immediate effect if another party is unable to pay its debts or has a receiver, administrator, administrative receiver or liquidator (or in each case, the equivalent in another jurisdiction) appointed or calls a meeting of its creditors or ceases for any reason to carry on business or if in the reasonable opinion of the party wishing to terminate any of these events appear likely.

12.3 Notices must be in writing and delivered by hand or sent by registered post, in each case to the registered office of each party to this agreement, save that a notice will be validly delivered to the ATT if it is sent to the CAA. Any notice sent by post will be deemed to have been delivered 3 business days after sending.

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ANNEX 5

Capping Formula of ATOL Reporting Accountants' Liability

1 The total aggregate liability of the Accountants whether in contract, tort (including negligence) or otherwise, to the CAA, the ATT and an ATOL holder, arising from or in connection with the work which is the subject of these terms (including any addition or variation to the work), shall not exceed an amount as determined by the following formula ("the Liability Cap").

2 The Liability Cap calculation method is set out below:

The level of Liability Cap that will apply is dependent on the size of a particular ATOL holder's licensable revenue. For standard ATOLs the Liability Cap will be calculated based on 15% of the Public Revenue Licence Limit of the particular ATOL holder or the actual bond provided by the ATOL holder, whichever is the greater, and applied to the bands in the table below at 2.1. The relevant Public Revenue Licence Limit will be the Public Revenue Licence Limit for the ATOL licence period in which the last financial year or period being reported on ends. The relevant bond will be the bond in place in the ATOL licence period in which the last financial year or period being reported on ends. If that ATOL licence is granted for a period of less than four calendar quarters, the calculation will be based on that Licence Limit, plus additional consecutive quarters taken from the most recent ATOL application form. Therefore, there must be four quarters of licensable revenue when the 15% is applied.

There are some standard ATOLs that have both the Public and the ATOL to ATOL category. The ATOL to ATOL category on the ATOL licence specifies seat numbers only and no revenue figure, and therefore the Liability Cap for work performed in respect of ATOL holders will be calculated based solely on the relevant Public Revenue Licence Limit or actual bond as set out in the clause above.

SBA Licences only have a Licence Limit for passenger numbers up to 500 and have a licensable revenue limit of £1m. The Liability Cap for work performed in respect of either of these ATOL holders will be £250,000.

The Franchise member ATOL holder ATOL licences with a Licence Limit of £5m or more for Public Revenue. The Liability Cap for these ATOL licences will be calculated based on 15% of the Public Revenue and the table set out in paragraph 2.1 below should be read accordingly to calculate the Liability Cap.

Trade licences only have the ATOL to ATOL category on the ATOL licence which specifies seat numbers only and no revenue figure. Therefore, the Liability Cap for work performed in respect of these ATOL holders will be £250,000.

2.1 The table below summaries the Limit of Accountants' Liability.

The Liability Cap for work performed in respect of SBA licences and Trade licences will be £250,000 in each case.

Box (a) – For Standard ATOL licences, and Franchise member ATOL holder' licences ≥ £5m, where 15% of the ATOL holder's Public Revenue Licence Limit (as defined above) or the actual bond, whichever is the greater is:	Limit of Accountants' Liability
< £0.25 million	£0.25m
> £0.25m but < £0.5 million	£0.5m
> £0.5m but < £5 million	100% of the amount calculated in box (a)
> £5m but < £15 million	£5m plus 50% of the amount calculated in box (a) that is over and above £5m, up to a limit of £10m.
> £15m but < £100 million	£10m
> £100m but < £200 million	£20m
More than £200 million	£20m – However the CAA retains the right to individual negotiations for a higher liability cap for ATOL holders in this bracket.

2.2 **De minimis**

Where the following conditions are satisfied:

a) a failure of the ATOL holder has occurred;

b) there is no bond;

c) the CAA and/or the ATT have taken reasonable steps to recover the loss from the ATOL holder or any guarantees provided to the CAA or the ATT by the principals of the ATOL holder or any other appropriate third party;

d) the loss to the ATT does not exceed 15% of the ATOL holder's Public Revenue Licence Limit;

the Accountants' liability to the ATT and/or to the CAA shall be limited (on the basis stated above) to £250,000.

2.3 **The Liability Cap in the Case of Groups**

Where an accountant is engaged to report on one or more ATOL holders within a group, the aggregate Public Revenue Licence Limit (as set out in paragraph 2 above of this Appendix A), for all ATOL holders on which it reports shall be used as the basis for which the liability cap is calculated.

ANNEX 6 – INTENTIONALLY LEFT BLANK

ANNEX 7- AGREED WORK PROCEDURES – PASSENGERS AND FINANCIAL INFORMATION

(a) Public licensable revenue

1. THE CAA REQUIRES AN OPINION IN THE ANNUAL ACCOUNTANTS' REPORT (PART 1) ON LICENSABLE REVENUE. ATOL REPORTING ACCOUNTANTS NEED TO USE THEIR PROFESSIONAL JUDGEMENT AND THEREFORE NO AGREED WORK PROCEDURES ARE GIVEN HERE. ATOL REPORTING ACCOUNTANTS SHOULD REFER TO THEIR PROFESSIONAL ACCOUNTANCY BODY FOR GUIDANCE AND SUGGESTED WORK PROCEDURES.

(b) Public licensable passenger numbers on a booking date and departure date basis

1. Read *Appendix A Requirements* for ATOL Reporting Accountants and issued by the CAA.

2. Obtain a copy of the ATOL Licence, the renewal offer letter(s) and any variation(s) offer and grant letter(s) filed during the year.

3. Enquire as to the basis and methodology used by the management of the ATOL holder to compile its quarterly passenger returns to the CAA and the controls it has in place to monitor and ensure accuracy and completeness of the data.

4. Obtain from the reservation system of the ATOL holder a report that provides the number of passengers booked on a quarterly basis broken into the three sub-categories (Flight-Only, Single-contract Package and Multi-contract Package) for the period under review. (It is recommended that you request the ATOL holder to print the reports at the end of each reporting quarter, as depending on the nature of the ATOL holder's reservation system, it may not be possible to reproduce the reports retrospectively.) Agree the passenger numbers shown on the report obtained from the reservation system to the CAA return on passenger numbers for each quarter broken into the three sub-categories (Flight-Only, Single-contract Package and Multi-contract Package).

5. Review the reconciliation of this report to the equivalent passenger levy returns and subsequent payments to the CAA of the passenger APC.

6. From the reservation system of the ATOL holder obtain a report that provides the number of public licensable passenger numbers on a departure date basis on a quarterly basis broken into the three sub-categories (Flight-Only, Single-contract Package and Multi-contract Package) or ATOL to ATOL for the period under review. Agree the passenger numbers shown on that report from the reservation system to the CAA return on passenger numbers for each quarter broken into the three sub-categories (Flight-Only, Single-contract Package and Multi-contract Package) or ATOL to ATOL. Check that the ATOL holder's licence limits have not been exceeded for both the year and the calendar quarters.

7. Differences identified in the passenger numbers between the reservation system and the CAA return on passenger numbers, should be reported to the CAA using the ATOLonline Annual Accountants Report.

(c) Extraction of information from the Financial Statements

1. Obtain from the ATOL holder the Financial Statements for the relevant period to which the Annual Accountants' Report applies.

2. Agree the data entry fields included in the relevant section of Part 2 of the Annual Accountants' Report to the line entries in the ATOL holders' Financial Statements [the relevant section will depend on whether the client is a Standard ATOL holder (and which GAAP has been applied) or SBA]

3. Enquire whether the prior year financial information in the Financial Statements has been restated and where it has been, agree the data entry fields included in the relevant section of Part 2 of the Annual Accountants' Report to the line entries in the Financial Statements.

4. If the relevant data entry fields cannot be agreed back directly to the line entries in the Financial Statements, ATOL Reporting Accountants include as exceptions in the report.

5. Enquire whether the Financial Statements have been audited and agree this to the ATOL holder's confirmation in section 7.2.2 of Part 2 of the AAR.

6. Where the ATOL Reporting Accountant was the statutory auditor of the Financial Statements, agree that the ATOL holder has ticked 'yes' in the confirmation in section 7.2.1 of Part 2 of the AAR. Where the ATOL holder was not the statutory auditor of the Financial Statements, agree that the ATOL holder has ticked 'no' in the confirmation in section 7.2.1 of Part 2 of the AAR.

7. Review the audit opinion in the auditors' report attached to the Financial Statements. Where the audit opinion is modified, agree this to the ATOL holder's confirmation in section 7.2.3 of Part 2 of the AAR.

(d) Airline Ticket Agent (ATOL Regulation 13)

1. For a sample of 5% of Airline Ticket Agent bookings, up to a maximum sample of 25 bookings selected randomly, check the reservation or ticketing system to establish whether the ticket is recorded as having been issued to the consumer promptly at the point when the payment is made.

   (For guidance, the following scenarios illustrate how "promptness" will depend on the circumstances of the sale. In the case of a high street retail outlet, the ticket should be issued on the occasion of the same visit as the payment was made. In the case of a visit to a website or other electronic sales medium, the ticket should be issued by an automated process as soon as the payment is made, with no more delay than is occasioned by normal electronic processing. In the case of a sale made over the telephone, tickets should be sent to the consumer on the same working day as the payment was made).

2. For the sample selected above, confirm that there is a written airline ticket agency agreement in place with the airline, which includes the fact that the airline will honour the ticket even if it has not been paid for and/or that there is a valid IATA accreditation in place by checking that they have been issued with an IATA number.

(e) Flight-Only Ticket Fully Paid (Exemption 02/2018) – If the ATOL holder does not comply with the requirement of this exemption then the sale will be an ATOL Licensable sale.

1. Read the exemption for the Flight-Only Ticket Fully Paid which can be found **in the Official Record Series 3** above at 02/2018.
2. For a sample of 5% of Flight-Only Ticket Fully Paid bookings, up to a maximum sample of 25 bookings selected randomly, check the reservation or ticketing system to establish whether the ticket is recorded as having been issued to the consumer immediately.
3. For the sample selected above, confirm that the invoices issued in respect of that ticket include the wording “This sale is not protected under the ATOL Scheme”.
4. For the sample selected above, check that the ticket is not part of a package (which would indicate that the sale is not exempt and would be an ATOL Licensable sale).
5. For the sample selected above, check that the operator of the aircraft on which the flight accommodation is made available does not state in its general terms and conditions that it reserves the right to refuse to carry a person that purchased flight accommodation on aircraft it operates other than direct from its website or where that flight accommodation was made available by a person other than the operator. Where this condition applies it would indicate that the sale is not exempt from the ATOL Regulations).

   (For guidance, the terms and conditions can usually be found on the website of the operator of the aircraft and may be headed as ‘terms and conditions of carriage’, ‘general conditions of carriage’, or ‘refusal and limitation of carriage’).

ANNEX 8 – SPECIFIC FACTUAL CONFIRMATIONS & AGREED WORK PROCEDURES

The following is a full list of potential confirmations that may be requested by the CAA. Accordingly, the CAA agreed work procedures listed should be undertaken only in respect of the particular confirmations requested. In each case, in order to support their procedures, ATOL Reporting Accountants should obtain a direct confirmation from the directions of the ATOL holder regarding the requested matter in the form set out in the pro format report at the end of this Annex.

1. Subordinated Loans

1.1. ARA written report on the ATOL holder's confirmation that since [Date] £[X] of new cash has been injected into [ATOL holder] in the form of a subordinated loan, and the subordinated loans within the company now total £[Y]. This should include confirmation that the cash injection has actually been received into the ATOL holder's bank account and that the ATOL holder has completed the CAA subordinated loan documentation. In addition, the ATOL holder will need to make the appropriate disclosure in the statutory accounts in accordance with generally accepted accounting principles.

Confirmation of new subordinated loans

1.1.1. Obtain a copy of the subordinated loan agreement.

1.1.2. Agree the receipt of cash is in the name of the party/parties identified in the loan agreement.

1.1.3. Agree the receipt of cash to the bank statement of an account in the name of the ATOL holder.

Confirmation of total subordinated loans at the balance sheet date

1.1.4. Obtain confirmation from each lender of the subordinated loans owed to them at the balance sheet date.

2. Cash gift (Sole Traders and Partnerships)

2.1. ARA written report on the ATOL holder's confirmation that since [Date] £[X] of new cash has been donated into [ATOL holder] in the form of a cash gift. This should include confirmation that the cash injections have actually been received into the ATOL holder's bank account and that the ATOL holder has completed the CAA memorandum of cash gift documentation. In addition, the ATOL holder will need to make the appropriate disclosure in the statutory (or other annual) accounts in accordance with generally accepted accounting principles.

2.1.1. Obtain a copy of the 'memorandum of a cash gift' form

2.1.2. Agree the receipt of cash is in the name of the party/parties identified on the form.

2.1.3. Agree the receipt of cash to the bank statement of an account in the name of the ATOL holder.

3. Guarantees

3.1. ARA written confirmation that the completed Deed of guarantee has been drawn to the professional accountant's attention, acknowledging the existence of the guarantee. In giving this guarantee the provider of the guarantee acknowledges that it will meet all actual and potential liabilities of the ATOL holder (occasionally the parent group). In addition, the ATOL

holder will need to make the appropriate disclosure in the statutory (or other annual) accounts in accordance with generally accepted accounting principles.

3.1.1. Obtain a copy of any deed of guarantee and any other guarantees (usually from the parent or Ultimate Holding Company) given in favour of the ATOL holder (occasionally to the parent group).

4. New Share capital/rights issue

4.1. ARA written confirmation that £[X] new cash has been injected into [ATOL holder] in the form of paid up share capital and/or that £[Y] of the profit and loss account or existing subordinated loan has been capitalised as fully paid up share capital. This should include confirmation that the funds have actually been received into the bank account of the ATOL holder and that share capital has been issued for the consideration received by the ATOL holder. For the capitalisation of a subordinated loan the ARA should confirm the existence of an agreement with the lender converting the subordinated loan into paid up share capital and that shares have been issued. The capitalisation of profit and loss reserves is executed by way of a bonus issue, which should be confirmed by reference to the relevant Companies House filings for an issue of shares.

4.1.1. Obtain a copy of the stamped Form 88(2) submitted to Companies House.

4.1.2. Obtain minutes and shareholder agreements (if applicable) in respect of the new share issue and confirm the share register records that the new shares have been issued in accordance with the minutes and agreements.

For shares issued for cash:

4.1.3. Agree the receipt of consideration for the shares and any premium thereon to the bank statement of a bank account of the ATOL holder.

4.1.4. Agree the receipt of cash into a bank account of the ATOL holder. If cash is initially placed in an escrow account, agree the amount to the bank statement and enquire of the directors as to when it is intended that the money will be transferred from escrow to a bank account of the ATOL holder.

Where a subordinated loan has been waived and additional share capital has been issued as consideration:

4.1.5. Confirm the existence of an agreement between the lender and company to this end signed by both parties.

5. Bank loan funding

5.1. ARA written confirmation that an amount of £[X] has been injected into [ATOL holder] in the form of a bank loan. The CAA monitors whether the ATOL holder has adequate working capital to support normal operational or capital expenditure in order to renew or retain an ATOL, which may include being dependent on a loan. The confirmation should include that the funds have actually been received into the bank account of the ATOL holder, and that the facility terms and conditions are as previously indicated to the CAA.

5.1.1. Obtain a copy of the bank loan agreement.

5.1.2. Agree the receipt of cash in the name of the party/parties identified in the loan agreement.

5.1.3. Agree receipt of loan monies to the bank statement of a bank account of the ATOL holder.

6. Repayment of item post year end

6.1. ARA written confirmation that since [Date] the sum of £[X] has been received from [Named debtor] in respect of the [named debt]. If the balance sheet of the ATOL holder includes certain current assets, in particular other debtors, then the CAA may seek to establish if these assets have been recovered. Part of this assessment is to ascertain if the debt has been settled since the year-end, in which case confirmation is required of the cash amount received. This may include capital items sold since the year-end, associate debt, deposit refunds, etc. ARA written confirmation that the receipt of the item or items in question, such that £[X] has been received since the year-end into the ATOL holder's bank account.

6.1.1. Obtain detail of asset being queried by the CAA.

6.1.2. Agree receipt of cash post year end to supporting documentation and the bank statement of a bank account of the ATOL holder.

7. Confirmation of change of ownership

7.1. ARA written confirmation of the shareholders and their shareholding following a restructure or change of ownership. This should include identification of the individuals or companies who are controlling the business. The CAA has a statutory duty to consider the fitness of those that control (or appear to control) an ATOL holder/applicant and part of their work is to establish ownership and control of companies. The ARA's confirmation should include a check of the share register to confirm who now owns the shares in the company that already holds an ATOL at a given date or is applying for an ATOL.

7.1.1. Obtain copies of share transfer/issue forms.

7.1.2. Obtain a copy of the new ownership structure provided by the directors of the ATOL holder to the CAA.

7.1.3. Confirm that the share register held by the ATOL holder correctly reflects these changes.

Pro forma Factual Confirmation Report
To: The Civil Aviation Authority
11 Westferry Circus
London
E14 4HD

Factual Confirmations Report

We have performed the work procedures agreed with you and XYZ Limited ATOL Number [ ] (the ATOL holder) with respect to XYZ Limited. The confirmations made by XYZ Limited are attached (to be attached) and are repeated below. Our engagement was undertaken in accordance with the work procedures in the CAA Appendix A and under the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 set out in CAA *Appendix A*. The work procedures were performed solely to assist you in your process for licensing the ATOL holder under the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended), and with the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007, as amended and our findings are summarised as follows:
[Note: The following is a full list of potential confirmations. *Delete those confirmations not requested by the CAA]

Confirmation of Subordinated loans

a) confirmation of new subordinated loans

The directors of the ATOL holder confirmed to us that since [date] £[XX] of new cash has been injected into the bank account of [company name] in the form of a subordinated loan (as issued to the ATOL holder in the CAA's approved form of words) from [the parties from whom the cash was received].

In respect of the confirmation above, we performed the work procedures set out in the CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions.] *

b) confirmation of total subordinated loans at the balance sheet date

The directors of the ATOL holder confirmed to us that the total subordinated loans held within [company name] at [date] is [£XX].

In respect of the confirmation above, we performed the work procedures set out in the CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions.] *

Confirmation of cash gift (Sole Traders and Partnerships)

The Sole trader/Partners of the ATOL holder confirmed to us that since [date] £[XXX] of new cash has been donated into the bank account of the [ATOL holder] by [the parties] in the form of a cash gift.

In respect of the confirmation above, we performed the work procedures set out in the CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions.] *

Guarantees

We confirm that the completed deed of guarantee dated [date] provided in favour of [ATOL holder]/ [Parent Group] by [issuer of guarantee] has been drawn to our attention.

Confirmation of new share capital/rights issue

Either – The directors of the ATOL holder confirmed to us that at [date] £[XXXX] new cash has been injected into the bank account of [company name] in the form of [specify share capital type] paid up share capital.

Or – The directors of the ATOL holder confirmed to us that at [date] £[YYYY] of the [profit and loss account]/ [existing subordinated loan] has been capitalised as fully paid up [specify share capital type] share capital.

In respect of the confirmation above, we performed the procedures set out in the CAA Appendix A date February 2020 [without exception.]/ [and noted the following exceptions: List exceptions including, if cash is initially placed in an escrow account, the date the directors intend that the money will be transferred from escrow to a bank account of the ATOL holder.] *

Confirmation of bank loan funding

The directors of the ATOL holder confirmed to us that an amount of £[XXX] was injected on [date] into the bank account of [company name] in the form of a bank loan from [lender].
In respect of the confirmation above, we performed the work procedures set out in the CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions.] *

Confirmation of repayment of item post year end

The directors of the ATOL holder confirmed to us that since [date] the sum of £[XXX] has been received into the bank account of [company name] from [named debtor] in respect of the [named debt].
In respect of the confirmation above, we performed the work procedures set out in the CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions.] *

Confirmation of change of ownership
The directors of the ATOL holder confirmed to us that the ownership structure at [date] is as follows [List all shareholders and their shareholdings].

In respect of the confirmation above, we performed the work procedures set out in the CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions.]*

The work procedures we have performed do not constitute either an audit or a review made in accordance with United Kingdom auditing and review standards and bulletins issued by the Financial Reporting Council. Had we performed additional work procedures or had we performed an audit or review in accordance with such standards and bulletins, other matters might have come to our attention that would have been reported to you.

Our report is prepared solely for the confidential use of the ATOL holder, the CAA and the Air Travel Trust, and solely for the purpose of reporting to the CAA under its licensing procedures. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission except as agreed in the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 set out in the CAA Appendix A [insert name of ATOL Reporting Accountants] neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by other parties' reliance on our report.

Date Accountants Address

ANNEX 9 – RING FENCING & STRUCTURAL CONFIRMATIONS AND AGREED WORK PROCEDURES

1. Ring fencing confirmations

1.1. The reasons for the financial and structural ring fence confirmations in essence relate to circumstances where ATOL holders are part of a wider group and would be unable to satisfy the CAA's financial criteria on a group basis. In exceptional circumstances, the CAA may assess an ATOL holder on a ring-fenced basis, provided that the ring-fenced entity is able to meet the criteria for financial and structural separation as well as the CAA's financial criteria for holding an ATOL. A primary function of both the financial and structural ring fence confirmations is to satisfy the CAA that the ATOL holder is operating independently and would have at least a chance of survival in the event of the failure of the group that operates outside of the ring fence. Further guidance on financial ring fence confirmations is set out in the ATOL Policy and Regulations papers on Groups and Related Parties, and ATOL Bonding, which is available from the CAA's website at www.caa.co.uk.

2. Financial ring fencing

2.1. When reaching a decision on the financial position of an ATOL holder the CAA normally assesses that ATOL holder on the basis of the finances of the largest organisation in which it operates (in most cases the group at the ultimate holding company level). Some ATOL holders are however unable to meet the financial criteria set by the CAA at this level and request that the CAA considers the ATOL holder on an individual or sub-group basis for solvency purposes. In such cases the CAA will consider whether it is realistic to assess the ATOL holder (or sub-group) on a "ring fence" basis: an essential test to the CAA is whether or not the ATOL holder is operating independently and could survive financially the failure of the rest of the wider group outside the ring fence. The CAA takes a similar view when an ATOL holder has a very close relationship with associate firms or groups under similar (common) control. The CAA defines "associate" as a company which has a link with the ATOL holder through common shareholders, directors, partners, significant levels of trading or with whom there are financial links. Financial links include inter-firm loans and cross guarantees (see ATOL Policy and Regulations paper on Groups and Related Parties and ATOL Bonding). In order to obtain some comfort over the financial independence of the ATOL holder, when it forms part of a group of companies for the year in question, the CAA is concerned that:

2.1.1. No guarantees, loans or letters of support have been given by the ATOL holder in favour of any group companies;

2.1.2. The ATOL holder maintains its own separate bank, account(s) and its cash is not managed centrally with other group companies;

2.1.3. All trading with group or associated companies is transacted on normal commercial terms, with balances settled at least monthly; and

2.1.4. The ATOL holder has its own merchant agreement with a credit card company.

3. Structural ring-fencing

3.1. Structural separation confirmations are required in conjunction with the CAA's financial confirmations however the CAA has procedures regarding these which do not involve the professional accountants. It is considered that professional accountants do not usually have the knowledge and experience of such matters and they are therefore unable to add any effective comfort to the confirmations made by the ATOL holder direct to the CAA.

Professional accountants are not expected simply to report to the CAA representations they have received from management which are incapable of practical independent testing.

3.2. The rationale behind the structural separation confirmations is also connected with the ability of the ATOL holder to survive operationally in the event of the failure of the wider group outside the ring fence. If a company was financially ring fenced from a group in terms of inter group trading, but relied on group facilities such as computer networks or shared office premises for example, the CAA would consider that its chances of surviving the failure of the group would be small. This is because at the very least, it would not have been used to paying commercial rates for such services and may therefore be unable to bear the additional overhead. The same applies to companies which are associated in the CAA's terms, sharing common Directors.

3.3. It is also important for the CAA to ensure that the ATOL holder directly employs both staff and management and have their own separate trading contracts with suppliers. The CAA's view is that companies that contract these services on a group basis would be unable to re-negotiate such services quickly if the group outside of the ring fence were to fail. In some cases suppliers would not wish to deal directly with the subsidiary or, would require substantial increases in the rates charged.

3.4. The CAA would look for comfort from ATOL holders in respect of higher bonds and/or asset base requirements in cases where a company, which is subject to financial ring fence undertaking, is not able to provide the CAA with the full list of confirmations in respect of its structural separation. In some cases the CAA may not be able to renew an ATOL licence in the absence of the structural separation confirmations.

4. CAA Agreed Work Procedures

The following is a full list of potential confirmations over which the CAA may request ATOL Reporting Accountants to perform the work procedures. Accordingly, the relevant work procedures listed should be undertaken only in respect of the particular confirmations requested. In each case, in order to support their work procedures, the ATOL Reporting Accountants should obtain a direct confirmation from the directors of the ATOL holder regarding the requested matter in the form set out in the pro forma report in this Annex.

4.1.1. Read the CAA's ATOL Policy and Regulations paper on Groups and Related Parties dated 2010/03, for ATOL holders about licensing requirements for firms that are part of a group or have associates.

4.1.2. Obtain copy of ATOL licence offer letters and any variation offer and grant letter(s) filed during the year to understand the agreed ring fence criteria stated as being met by the ATOL holder in their application

Guarantees, loans and letters of support

4.1.3. Obtain and read board minutes of all group companies for the financial year defined by the CAA in their letter to the ATOL holder and note whether any guarantees, loans or letters of support have been provided to the ATOL holder.

4.1.4. Also enquire of the directors whether any guarantees, loans or letters of support have been provided to the ATOL holder.

Inter-company debtors

4.1.5. Enquire of the directors as to the nature of all inter-company debtors to the ATOL holder and whether they all arise from trading and are repaid on normal commercial terms. (For normal commercial terms the CAA would expect the balances to be settled at least monthly).

4.1.6. Test that the inter-company balance has been settled at least monthly.

4.1.7. Test a sample of entries for each inter-company account to backing invoices to agree that they are trading in nature

4.1.8. Where the debtor relates to funding of the group undertaking this is to be separately identified to the CAA.

Inter-company creditors

4.1.9. Enquire of the directors as to the nature of all inter-company creditors to the ATOL holder and whether they all arise from trading.

4.1.10. Test a sample of entries for each inter-company account to backing invoices to agree that they are trading in nature.

4.1.11. Test that the inter-company balance has been settled at least monthly.

4.1.12. Where the creditor relates to funding by the group undertaking this is to be separately identified to the CAA.

Merchant agreements with credit card companies

4.1.13. Obtain from management all merchant agreements with credit card companies in the ATOL holder's name and agree whether they are solely for the ATOL holder.

Banking arrangements

4.1.14. Check the ATOL holder's bank accounts to ensure that they are in the sole name of the ATOL holder.

4.1.15. Obtain from management copies of the current banking agreements to which the ATOL holder is a party and check that the ATOL holder's bank accounts are not subject to rights of set-off against the accounts of other entities.

Pro-forma factual and ring-fencing confirmation reports are provided below:

Pro forma Ring Fencing Confirmations Report
To: The Civil Aviation Authority
11 Westferry Circus
London
E14 4HD

Ring Fencing Confirmations Report
We have performed the work procedures agreed with you and XYZ Limited ATOL Number [] (the ATOL holder) with respect to XYZ Limited. The confirmations made by XYZ Limited are attached (to be attached) and repeated below. Our engagement was undertaken in accordance with the work procedures in the CAA Appendix A and under the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 set out in CAA Appendix A. The work procedures were performed solely to assist you in your process for licensing the ATOL holder under the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended), and with the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007, as amended and our findings are summarised as follows:
[Notes: The following is a full list of potential confirmations. Delete those confirmations not requested by the CAA. Where it is unrealistic to obtain the evidence to give a confirmation do not give it but state why below.
Where there are associates, similarly worded confirmations will be required.]
[*Delete the inapplicable option where indicated below.]

Licensing requirements
We have read the CAA's ATOL Policy and Regulations papers on Groups and Related Parties 2010/03 and ATOL Bonding 2010/08, for ATOL holders about licensing requirements for firms that are part of a group or have associates.

Ring fencing criteria
We obtained a copy of the ATOL holder's ATOL licence offer letter dated [date] and the variation offer and grant letter(s) dated [dates] filed during the year to understand the agreed ring fence criteria stated as being met by the ATOL holder in their application.

Guarantees, loans and letters of support
The directors of the ATOL holder confirmed to us that during the financial year to [date] no guarantees, loans or letters of support were given by [company name] in favour of any group companies.

In respect of the confirmation above, we performed the work procedures set out in CAA Appendix A [without exception.]/ [and noted the following exceptions: List exceptions including any guarantees, loans or letters of support.] *

Inter-company balances or balances with associated companies
The directors of the ATOL holder confirmed to us that during the financial year to [date] all trading with group companies was transacted on normal commercial terms, with balances settled at least monthly.

In respect of the confirmation above, we performed the work procedures set out in CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions including any inter-company debtors not settled on a monthly basis and/or any inter-company debtors or creditors not of a trading nature including funding by group undertakings.] *

Merchant agreements with credit card companies
The directors of the ATOL holder confirmed to us that during the financial year to [date] [Company name] had its own merchant agreements with credit card companies.
In respect of the confirmation above, we performed the work procedures set out CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions including any merchant agreements with credit card companies not in the ATOL holder's name nor solely for the ATOL holder.] *

Banking arrangements

The directors of the ATOL holder confirmed to us that during the financial year to [date] [Company name] maintained its own separate bank accounts and its cash is not managed centrally with other group companies.

In respect of the confirmation above, we performed the work procedures set out in CAA Appendix A dated February 2020 [without exception.]/ [and noted the following exceptions: List exceptions including any bank accounts not in the sole name of the ATOL holder or any accounts that are subject to rights of set-off against the accounts of other entities.] *

The work procedures we have performed do not constitute either an audit or a review made in accordance with United Kingdom auditing and review standards and bulletins issued by the Financial Reporting Council. Had we performed additional work procedures or had we performed an audit or review in accordance with such standards and bulletins, other matters might have come to our attention that would have been reported to you.

Our report is prepared solely for the confidential use of the ATOL holder, the CAA and the Air Travel Trust, and solely for the purpose of reporting to the CAA under its licensing procedures. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission except as agreed in the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 set out in the CAA Appendix A dated February 2020 [insert name of ATOL Reporting accountants] neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by other parties' reliance on our report.

Date Accountants Address

ANNEX 9A LETTER FROM CAA TO ATOL HOLDERS AND ATOL REPORTING ACCOUNTANTS REQUESTING ADDITIONAL WORK PROCEDURES

We refer to [name of ATOL holder]'s (the ATOL holder) application for an Air Travel Organiser's Licence and the reports we have received from the ATOL holder's ATOL Reporting Accountants, [name of ATOL Reporting Accountants].

We request that the ATOL holder's ATOL Reporting Accountants perform the additional procedures listed in the appendix to this letter and report their findings to us.

The work performed in accordance with this letter is an extension of the scope of work set out in section 3 of the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 set out in CAA *Appendix A* dated February 2020 and will be performed subject to the CAA Standard ARA-ATOL Terms of Engagement.

ANNEX 10 – REPORT OF THE ACCOUNTANTS AAR PART 1 & AIRLINE TICKET AGENT REPORT

Air Travel Organisers' Licensing
Annual Accountant's Report - Part 1

Tracking Code: **XXXXXX**

INTRODUCTION

Annual Accountant's Report Part 1 – completion required in accordance with ATOL Standard Terms

ATOL holder

ATOL No

Period from

to

1. LICENSABLE GROSS REVENUE ON A DEPARTURE DATE BASIS

This section relates to the public category of licensable revenue earned by an ATOL holder during the calendar quarters within the period dates at the top of this report immediately prior to the ATOL holder's last financial year, set out above. Please refer to CAA's Appendix A.

Licensable gross revenue on a departure date basis:

Calendar Quarter		**Flight Inclusive Package**			
From	To	Flight-Only	Single-contract	Multi-contract	Total Revenue
Total					

2. LICENSABLE PASSENGER NUMBERS

This section relates to the public category of licensable revenue where the number of passenger bookings have been taken and passenger number licensable revenue earned by the ATOL holder during the calendar quarters immediately prior to the ATOL holder's last financial year, set out above. Please refer to CAA's Appendix A.

Passenger numbers on a booking date basis:

Calendar Quarter		**Flight Inclusive Package**			
From	To	Flight-Only	Single-contract	Multi-contract	Total passengers
Total					

Passenger numbers on a departure date basis:

Calendar Quarter		**Flight Inclusive Package**			
From	To	Flight-Only	Single-contract	Multi-contract	Total passengers
Total					

ATOL to ATOL: Sale of a flight (whether as flight only or as part of a package) to another ATOL holder for resale under the buying ATOL holder's ATOL licence.

Calendar Quarter		**ATOL to ATOL Passenger numbers on a Departure Date Basis**
From	To	Total Passengers

2. LICENSABLE PASSENGER NUMBERS

Total

3. ATOL HOLDER CONFIRMATION

This report is prepopulated with the actual APC Returns data as submitted and confirmed by the ATOL holder during the period specified.

4. REPORT OF THE ACCOUNTANTS

If after reviewing the Licensable Revenue and Passenger Numbers in the report, you are unable to sign off the report you should click on the 'reject'.

Rejecting the report will generate a notification to the ATOL holder advising them that the report has been rejected and they must resubmit APC returns. Once the amended return(s) have been submitted the revised report will be made available.

Do you wish to continue or reject? *

◉ Continue ◯ Reject

LICENSABLE REVENUE

We have conducted this engagement in accordance with the terms of our engagement (which terms must contain all the terms mandated in the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 published by the CAA in the Requirements for ATOL Reporting Accountants in Official Record Series 3 (Appendix A)) and guidance published by the CAA approved Professional Accountancy Bodies, and in our opinion the revenue that arose from the licensable operation in the public category indicated in Section 1:

◉ is ◯ is not prepared, in all material respects, in accordance with CAA regulations and guidance, as amended.

(Please select as appropriate) *

PASSENGER NUMBERS

We have conducted this engagement in accordance with the terms of our engagement (which terms must contain all the terms mandated in the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 published by the CAA in the Requirements for ATOL Reporting Accountants in Official Record Series 3 (Appendix A)), and we confirm that the number of passengers that arose from the licensable operation in the public category and in the ATOL to ATOL category, indicated in section 2 has been tested in accordance with the schedule of work set out in Appendix A Annex 7 and accordingly we agreed:

- the total passenger numbers shown on the report, by departure date, from the reservation system of the ATOL holder to the CAA return;
- The total passenger numbers shown on the report, by booking date, from the reservation system of the ATOL holder to the CAA return (not relevant for ATOL to ATOL); and
- the CAA return to the APC returns of the ATOL holder for each period and subsequent payment of the equivalent by the ATOL holder (not relevant for ATOL to ATOL).

◉ without exception ◯ except for (Please select as appropriate) *

☒ Our report is prepared solely for the confidential use of the ATOL holder, the CAA and the Air Travel Trust, and solely for the purposes of reporting to the CAA on the ATOL holder's licensable revenue and passenger numbers. Except as provided for in the terms of the engagement our report must not be recited or referred to in whole or in part in any other document and our report must not be made available, copied or recited to any other party without our express written permission. We acknowledge the duty of care we owe to the CAA and the ATT as set out in those terms of engagement and we acknowledge the ATT may suffer financial loss as a direct result of our breach of that duty. We also acknowledge that the CAA and ATT have agreed to cap our liability for breach of this duty in the terms set out in our terms of engagement. As set out in the terms of engagement we neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by other parties' reliance on our report. *

Forename *

Surname *

for and on behalf of:

Name of firm *

SUBMISSION INSTRUCTIONS

Submission

Your form has been successfully submitted. Please keep a copy of this acknowledgement for your records.



Date and Time:

Application Submission Number:

Privacy Notice

The CAA takes the security of your personal information very seriously. For more information see ourPrivacy Notices.

Consumers and Marketing Group
Air Travel Organisers' Licensing

Airline Ticket Agent Report

This Form can be completed on-line before printing and signing where required.

Please complete this form using Internet Explorer 9 or higher (do not use Chrome).

ATOL holder: ..... ATOL No: .....

Period from: ..... to: ..... (12 month period)
Start date (dd/mm/yyyy) End date (dd/mm/yyyy)

This report relates to the revenue earned by the ATOL holder as an 'airline ticket agent' during the latest financial year. Please refer to the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 relevant to the operation of an Air Travel Organiser's Licence and with the Civil Aviation (Contributions to the Air Travel Trust) Regulations 2007, as amended, to Appendix A for an explanation of the categories of licensable business, and the sales that may be classified as 'airline ticket agent' ATOL Regulation 13.

1 CONFIRMATION BY THE ATOL HOLDER

I, the undersigned, have read the relevant guidance notes and regulations issued by the CAA and confirm that in the twelve month period stated above, sales made by our business as an 'airline ticket agent' were:

£ 0

I/we also confirm that I/we held

[a] a valid Airline Ticket Agent Agreement(s) ☐ and/or [b] an IATA accreditation, (insert IATA Agent number).....
for the period stated above and was/were permitted to sell confirmed tickets to consumers on behalf of the airline(s) listed below:

Please use a separate sheet if required.

I/we also confirm that the invoices and receipts for the above confirmed tickets stated that "This flight is sold as Agent of the Airline(s) named on the ticket and is not protected under the ATOL Scheme" as defined in ATOL Regulation 18. ☐

Date: .....

Print name: Title ..... Forename ..... Surname .....
(Block Capitals)

Position: .....

Registered Company or ATOL holders name: .....
(Block Capitals)

Address: .....
(Block Capitals)

.....

..... Postcode: .....

CPG ATOL Form 3039, Issue 5, February 2020 Page 1 of 3

2 REPORT OF THE ACCOUNTANTS – AIRLINE TICKET AGENT REVENUE

We have conducted this engagement in accordance with the terms of our engagement (which terms must contain all the terms mandated in the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 published by the CAA in the Requirements for ATOL Reporting Accountants in Official Record Series 3 (Appendix A)), and we confirm that the revenue that arose from the ATOL holder acting as an airline ticket agent over the period stated above has been tested in accordance with the schedule of work set out in Appendix A. Accordingly, for a sample of 5 % of Airline Ticket Agent bookings, up to a maximum sample of 25 bookings, selected randomly, we confirm we have seen the applicable Airline Ticket Agent Agreement and/or the valid IATA accreditation, checked the reservation or ticketing system of the ATOL holder and noted in each case that the confirmed ticket was recorded as having been:

- issued to the consumer promptly at the point when payment was made

as defined in ATOL Regulation 18 by the 'specified method' and that the invoices for those tickets state that 'This flight is sold as Agent of the Airline(s) named on the ticket and is not protected under the ATOL Scheme':

without exception ☐

except for ☐ the matters outlined below.

(Please tick as applicable)

List of exceptions (please use a separate sheet if required):

☐ Our report is prepared solely for the confidential use of the ATOL holder, the CAA and the Air Travel Trust, and solely for the purpose of reporting to the CAA on the ATOL holder's licensable revenue. Our report must not be recited or referred to in whole or in part in any other document and our report must not be made available, copied or recited to any other party without our express written permission, except as agreed in the CAA ARA-ATOL Standard Terms of Engagement dated February 2020 and set out in Appendix A. We acknowledge the duty of care we owe to the CAA and the ATT as set out in those terms of engagement and we acknowledge the ATT may suffer financial loss as a direct result of our breach of that duty. We also acknowledge that they CAA and ATT have agreed to cap our liability for breach of this duty in the terms set out in our terms of engagement.

We neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by other parties' reliance on our report.

Print Name: ....
(Block Capitals) Title Forename Surname

OR

Name of firm
(Block Capitals)

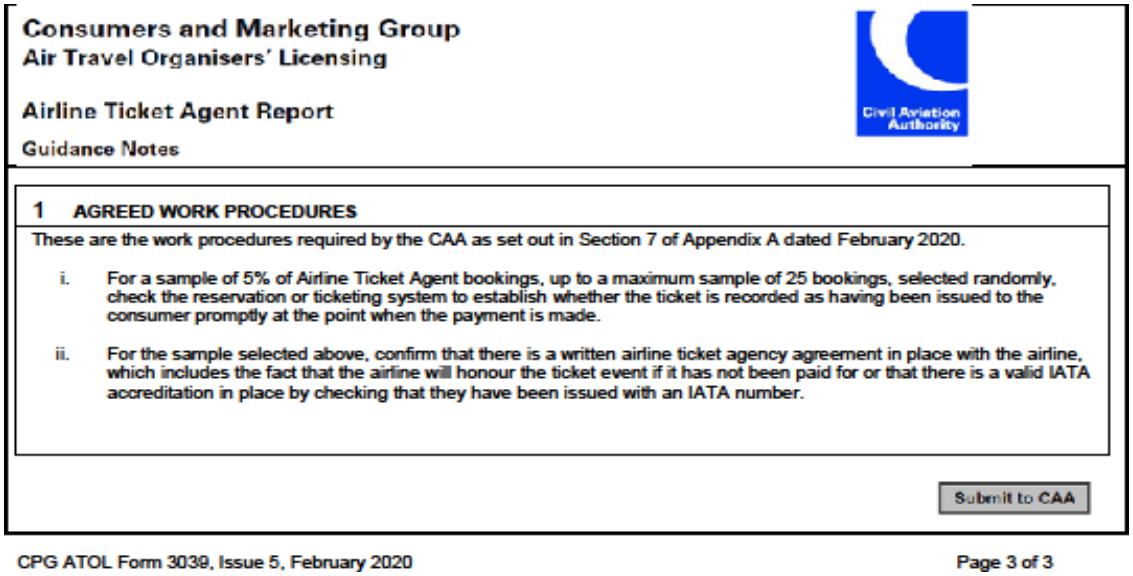
Address: .....
(Block Capitals)

.....

..... Postcode:.....

Date .....

CPG ATOL Form 3039, Issue 5, February 2020 Page 2 of 3



Consumers and Marketing Group
Air Travel Organisers' Licensing

Airline Ticket Agent Report

Guidance Notes

1 AGREED WORK PROCEDURES

These are the work procedures required by the CAA as set out in Section 7 of Appendix A dated February 2020.

i. For a sample of 5% of Airline Ticket Agent bookings, up to a maximum sample of 25 bookings, selected randomly, check the reservation or ticketing system to establish whether the ticket is recorded as having been issued to the consumer promptly at the point when the payment is made.

ii. For the sample selected above, confirm that there is a written airline ticket agency agreement in place with the airline, which includes the fact that the airline will honour the ticket event if it has not been paid for or that there is a valid IATA accreditation in place by checking that they have been issued with an IATA number.

Submit to CAA

CPG ATOL Form 3039, Issue 5, February 2020 Page 3 of 3

ANNEX 10 - CONTINUED – REPORT OF THE ACCOUNTANTS AAR PART 2 – FOR STANDARD ATOL INCL. SECTION 5 FINANCIAL AND SBA SECTION 4 FINANCIAL

Civil Aviation Authority

Tracking Code: **XXXXXX**

INTRODUCTION | REVENUE | FINANCIAL INFORMATION | LOANS | CONFIRMATION | REPORT | SUBMISSION INSTRUCTIONS

INTRODUCTION

Introduction

This report is required to be completed in accordance with the ATOL Standard Terms

ATOL holder

ATOL No

Financial Level of Assessment

Period from

to

Type of ATOL Holder

Have the financial statements been restated?

Yes | No

This report is prepopulated using data provided to the CAA by the ATOL holder from their last received renewal application.

Relevant Accounting Standard

Currency used

1. REVENUE RECOGNITION AND DEFERRED INCOME (CUSTOMER DEPOSITS)

Revenue recognition policy for licensable gross revenue:

Customer Date Basis: Departure Date

Basis for Total Revenue: Total Transaction Value

ATOL licensable revenue contained within deferred income at the period end:

Non-ATOL revenue contained within deferred income at the period end:

ATOL licensable revenue contained within Revenue for the period:

OFFICIAL - Public. This information has been cleared for unrestricted distribution.

Non-ATOL revenue contained within Revenue for the period

5. INFORMATION FROM FINANCIAL STATEMENTS (UKGAAP, FRS102 or FRS105 format)

Financial Information

Financial statements status

PROFIT AND LOSS STATEMENT

Period End

	Current
Turnover Include the total statutory revenue for the financial year being reported on. This must be a positive figure.	
Depreciation Include the amount provided within profit and loss account for the year for depreciation of tangible assets. Enter as a negative figure.	
Amortisation Include the amount provided within profit and loss account for the year for amortisation of assets e.g. amortisation of goodwill or deferred research and development expenditure. Enter as a negative figure.	
Impairment/Investment write down Include the amount provided within profit and loss account for the year for impairment of assets. Enter as a negative figure.	
Interest receivable Include all interest receivable and other income/similar income. Enter as a positive figure.	
Interest payable Include all interest payable and similar charges. Enter as a negative figure.	
Tax on profit/(loss) on ordinary activities If this is a tax charge, enter as a negative figure. If this is a tax credit, enter as a positive figure.	
Profit/(loss) on ordinary activities after taxation This should represent the profit or loss, or net income for the financial year after tax but before other items, such as minority interest or dividends. A profit should be a positive figure and a loss should be a negative figure.	

BALANCE SHEET

Current Assets

Enter as a positive figure.

Total Assets

This should represent all fixed assets (including tangible and intangible fixed assets and investments) and current assets including all accrued income and prepayments.

Creditors: amounts falling due within one year

Enter as a negative figure.

Total liabilities

This should represent all liabilities (including all accruals and deferred income, creditors: amounts due within one year, creditors: amounts falling due after more than one year, provisions for liabilities and defined benefit liability).

Cash at bank and in hand

Enter as a positive figure, unless overdrawn in which case enter zero. Any overdraft is normally included in creditors / current liabilities.

3. SUBORDINATED LOANS AND RESTRICTED CASH

Subordinated Loans and Restricted Cash

Any loans in the balance sheet subordinated to the CAA?

( ) Yes (•) No

Restricted cash :-Include amounts that are included in cash and cash equivalents and which are restricted

0

7. CONFIRMATION BY THE ATOL HOLDER

Confirmation

☑ 7.1 I have read CAA Appendix A and understand that under the terms of my ATOL I am required to provide information to the CAA and confirm that the financial data supplied by me to the CAA is correct and the data included in the Profit & Loss and the Balance sheet sections above agrees back to the financial statements for the period ended: 31 Aug 2021; and

7.2 I confirm the following:

7.2.1.) Is the ATOL reporting accountant the registered auditor?

( ) Yes (•) No

7.2.2.) Were the financial statements audited?

(•) Yes ( ) No

7.2.3.) Was the audit opinion on the financial statements modified?

- ○ Yes
- ● No

Forename

Surname

On behalf of

8. REPORT OF THE ACCOUNTANTS - FACTUAL FINDINGS

Do you wish to continue or reject? *

- ● Continue
- ○ Reject

Report

- ☑ We have conducted this engagement in accordance with the terms of our engagement (which terms must contain all the terms mandated in the CAA Standard ARA-ATOL Terms of Engagement dated February 2020 published by the CAA in the Requirements for ATOL Reporting Accountants in Official Record Series 3 (Appendix A) and we confirm that the data included in Section 5 (UKGAAP FRS102 or FRS105) and the ATOL holder confirmations in section 7.2.1, 7.2.2 and 7.2.3 has been tested in accordance with the schedule of work set out in annex 7 of Appendix A and accordingly we agreed the data included in Section 5 (FRS102 or FRS105) and the confirmations in sections 7.2.1, 7.2.2 and 7.2.3 to the financial statements of the ATOL holder for the period ended: 31 Aug 2021 *

- ● without exception
- ○ except for

- ☑ Our report is prepared solely for the confidential use of the ATOL holder, the CAA and the Air Travel Trust, and solely for the purpose of reporting to the CAA on the extraction of information from the ATOL holder's financial statements. Except as provided for in the terms of engagement our report must not be recited or referred to in whole or in part in any other document and our report must not be made available, copied or recited to any other party without our express written permission. We acknowledge the duty of care we owe to the CAA and the ATT as set out in those terms of engagement and we acknowledge the ATT may suffer financial loss as a direct result of our breach of that duty. We also acknowledge that the CAA and ATT have agreed to cap our liability for breach of this duty in the terms set out in our terms of engagement. As set out in the terms of engagement we neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by other parties' reliance on our report. *

To the fullest extent permitted by law we do not and will not, by virtue of our confirmations or otherwise, assume or accept any duty of care or liability under this engagement to the ATOL holder, to the CAA, to the Air Travel Trust or to any other party, whether in contract, negligence or otherwise in relation to our audit of the ATOL holder's financial statements.

Forename

Surname

For and on behalf of:

SUBMISSION INSTRUCTIONS

Submission

Your form has been successfully submitted.
Please keep a copy of this acknowledgement for your records.

Date and Time:

Application Submission Number:

Privacy Notice

The CAA takes the security of your personal information very seriously. For more information see our Privacy Notices

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ANNEX 11 - PROFESSIONAL ACCOUNTANCY BODY TECHNICAL GUIDANCE

10.1 The CAA approved professional accountancy bodies have issued separate guidance for performing work in relation to the Reports required by the CAA under the CAA Standard ARA-ATOL Terms of Engagement which includes suggested work procedures for the report on licensable revenue.

10.2 Additional guidance on the nature of these engagements together with the CAA requested work procedures are available from the approved professional accountancy bodies using the links below.

ACCA http://www.accaglobal.com/uk/en/technical-activities/guides-factsheets.html

ICAEW http://www.icaew.com/en/about-icaew/what-we-do/technical-releases/audit-technical-releases

ICAS ATOL Reporting Accountants Scheme - ICAS

ANNEX 12 - CONTACT DETAILS AND OTHER REFERENCES

The following list provides web links and contact details for ATOL holders and new applicants.

CAA	http://www.caa.co.uk
ATOL	0330 022 1500 (select ATOL option)
ATOL Advice	ATOL.Online@caa.co.uk
Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended) **ATOL Licensing forms and bonds** **ATOL Policy, Compliance and Regulations** **CAA Whistleblowing Policy** **ATOL Reporting Accountants' Scheme**	The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 http://www.caa.co.uk/ATOL-protection/Trade/Licensing-forms-and-bonds/Licensing-forms-and-bonds Compliance and Regulation | UK Civil Aviation Authority http://www.caa.co.uk/Our-work/Make-a-report-or-complaint/CAA-whistleblowing-policy/ http://www.caa.co.uk/ATOL-protection/Trade/Maintain-and-renew-your-ATOL/ATOL-reporting-accountants-scheme/
Official Record Series 3	http://www.caa.co.uk/ORS3
ATOL Policy and Regulations paper on Groups and Related Parties	ATOL Groups and Related Parties
Directive (EU) 2015/2302 of the European Parliament and of the Council of 25 November 2015 on package travel and linked travel arrangements **DBT - Department for Business and Trade,** - the sponsoring Department for the Package Travel Directive.	http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1526905983905&uri=CELEX:32015L2302 Package holidays: complying with regulations
ICAEW **ICAI** **ICAS** **ACCA** **AAT** **AIA**	http://www.icaew.com/ https://www.charteredaccountants.ie/ https://www.charteredaccountants.ie/https://www.icas.com/ http://www.accaglobal.com/ https://www.aat.org.uk/ http://www.aiaworldwide.com/

IFA	http://www.ifa.org.uk/
ATOL Criteria: Fitness, Competence and Accountable Person	ATOL Criteria: fitness, competence and Accountable Person
ATOL Criteria for an application for and grant of, or a variation to, an ATOL: Financial	http://publicapps.caa.co.uk/modalapplication.aspx?appid=11&mode=detail&id=5435

ANNEX 13: TABLE OF ATOL REPORTING PERIODS

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ATOL Renewal	Financial Year End	Reporting ATOL Licence QTRS
30-Sep-23	Dec-22 Jan-23 Feb-23	Mar-22 Jun-22 Sep-22 Dec-22
	Mar-23 Apr-23 May-23	Jun-22 Sep-22 Dec-22 Mar-23
31-Mar-24	Jun-23 Jul-23 Aug-23	Sep-22 Dec-22 Mar-23 Jun-23
	Sep-23 Oct-23 Nov-23	Dec-22 Mar-23 Jun-23 Sep-23
30-Sep-24	Dec-23 Jan-24 Feb-24	Mar-23 Jun-23 Sep-23 Dec-23
	Mar-24 Apr-24 May-24	Jun-23 Sep-23 Dec-23 Mar-24

Annex 14 – ATOL Reporting Accountant (ARA) Logo – Conditions of Use

This Annex of Appendix A forms part of the Key Components of the ATOL Reporting Accountants' Scheme. The CAA requests that approved Professional Accountancy Bodies (PABs) include Annex 14 in their respective rulebooks.

The ARA logo has been designed to enable designated ATOL Reporting Accountants (ARAs) to show their designation from their professional accountancy body (PAB) under the ARA scheme by means of an ARA logo. The CAA believes the ARA logo can bring benefits to the scheme, which is now well established in the ATOL licensing requirements. The ARA logo will act as a clear identifier on accountants or accountancy firms' websites that can generate greater exposure of the scheme, which is to improve the standard of ATOL reporting. In addition, the professional accountancy bodies can use the ARA logo in their ATOL Reporting guidance, CPD communication and training modules, as well as in their correspondence with their designated ARA members.

The use of the ARA logo is subject to the following conditions:

1. The ARA logo must only be displayed in the applicable form given in Figure 1 and not altered in any way.

2. Each PAB will be responsible for distributing the ARA logo (see Figure 1.) to their designated ARAs and designated firms who have designated ARAs.

3. Designated ARAs must be members of one of seven approved Professional Accountancy Bodies (PABs) and for as long as the PAB is approved by the CAA as one which can designate ARAs, the PAB are able to use the ARA logo[1]. The approved PABs are: Institute of Chartered Accountants of England and Wales; Institute of Chartered Accountants of Scotland; Institute of Chartered Accountants of Ireland; Association of Chartered Certified Accountants; Association of Accounting Technicians; Association of International Accountants; and Institute of Financial Accountants.

4. PABs may use the ARA logo under the ARA Scheme[2] in their ATOL Reporting guidance, CPD communication, training modules, websites, correspondence with their designated ARA members and the CAA in association with the ARA Scheme only. The CAA supports approved PABs in co-branding their respective logos alongside the ARA logo without compromising the ARA logo's recognition.

5. Designated ARAs can use the ARA logo for their ATOL reporting work in correspondence, webpages, adverts or to promote their business of ATOL reporting work under their ARA designation.

6. A designated firm under the ARA Scheme that has designated ARAs may use the ARA logo in the performance of their ATOL Reporting duties.

7. The Civil Aviation Authority has intellectual property rights on the ARA logo and ATOL logos. In the absence of the CAA consent for the use of the ARA logo by approved PABs and designated ARAs and other than under these conditions[3], use of the ARA logo would breach those rights.

8. The ARA logo must not be used for any other purpose other than listed here.

9. The ATOL logo (see Figure 2.) or other form of registered ATOL logo is not permitted to be used by the PABs, designated ARAs or designated firms under any circumstances. The ATOL logo is a CAA registered trademark and is not permitted to be used without the permission of the CAA.

Figure 1.



Figure 2.



[1] As part of a PAB's review, reporting and monitoring of its designated ARAs and designated firms (or non-designated ARAs or firms), where the PAB comes across the misuse of the ARA logo, the CAA requests that the PAB reports the misuse to the CAA, using the usual contact method. The PAB may wish to undertake its own disciplinary procedure of its member or firm. If during the CAAs own review and reporting work, the CAA comes across the misuse of the ARA logo by a designated ARA or designated firm (or non-designated ARA or firm), this will be reported to the relevant PAB.

[2] These ARA Logo conditions are included in an Annex 14 of Appendix A of the ORS3 and form part of the ATOL Reporting Accountants' Scheme – Key Components. The CAA requests that PABs include these ARA logo conditions in their respective rulebooks and follow their own disciplinary procedures, where required.

[3] A copy of the conditions governing the use of the ARA logo has been filed with the certification trademark.

Annex 15 – Schedule 1 - ATOL Reporting Accountants' Scheme – Key Components

Key Area	ATOL Reporting Accountants' Scheme
Registration	**Eligibility criteria** Each principal in the firm should be subject to disciplinary arrangements and there should be at least one designated ATOL Reporting Accountant for the relevant category of registered ATOL work.
	Other Criteria The firm must also demonstrate that: • it has PII (at least sufficient to cover the Liability Cap in the CAA Appendix A – Requirements for ATOL Reporting Accountants); • the principal business of the firm is the provision of accountancy services; • it is independent of the ATOL holder; and • it has appointed a contact principal. The individual designated ATOL Reporting Accountant must be independent of the ATOL holder prescribing to the ..... Code of Ethics and Conduct.
	Scheme infrastructure requirements The professional body will have registration rules setting out the regulations, rules and guidance applicable to their members who want to become a designated ARA. The professional body will administer their own arrangements to collect all the relevant information from the accountant/firm to assist with the application process, providing relevant guidance for the firms on the application process.
Qualifications and training	**Demonstrating competence** To do ATOL reporting work an ATOL Reporting Accountant must; • have reviewed guidance (including but not limited to Appendix A – Requirements for ATOL Reporting Acccountants) issued by CAA ATOL and their professional body for ATOL Reporting Accountants; • have successfully completed the CAA ATOL training package (as updated from time to time) and the training package and assessment has been shared with the professional bodies within this arrangement; • have taken and passed a professional examination covering assurance work as approved by the CAA (this may be limited to individual modules of a professional qualification but which must include an assurance qualification). • be a member of an approved professional body, as determined by CAA, and hold a practicing certificate where required by the professional body.
Ongoing Competence	**Competence** A firm must make arrangements so that all members, principals and employees performing ATOL related work are, and continue to be, competent to carry out ATOL reporting for which they are responsible or employed. The individual must also meet the continuing professional development guidelines of his professional body for the purposes of ATOL Reporting.
	Manuals and programmes A firm must maintain an appropriate level of competence in the conduct of ATOL work and this is best achieved through the use of relevant and bespoke manuals, programmes, checklists and procedures so that the firm has a body of knowledge. Such documentation must be kept up to date if the firm is to retain its competence.

T**he CAA ATOL Training Package**	The professional bodies will be given access to their member registrants' CAA/ATOL training results for review, which can be used as part of their own assessment of an ATOL Reporting Accountant's overall training. The CAA may from time to time update the CAA/ATOL training package where necessary and will issue a notification to registrants where this update needs to be reviewed.
D**iscipline and sanctions**	**Obligations, duties and rights of approved professional body** The professional body is responsible for granting, rejecting or withdrawing a member's ability to perform ATOL reporting. It can also impose restrictions or conditions on a member and publish its orders or decisions if it considers this appropriate. The professional body is responsible for providing the CAA with details of new designated ARA members and those who need to be removed from the ARA designated list. Prior to the full CAA ATOL IT system being available this is likely to be in the form of a periodic spreadsheet sent to the CAA where it will be uploaded to the ATOL system. The professional body will use its own regulations, policies and procedures to determine whether a member has breached a provision of the professional body's registration arrangement rules and the matter will be dealt with under its own disciplinary arrangements (which may include a penalty).
	Liability of firm/designated ATOL Reporting Accountant to disciplinary action The professional body will determine whether a firm/designated ATOL Reporting Accountant is liable to disciplinary action under the professional body's disciplinary arrangements if: • it has performed its ATOL reporting work inefficiently or incompetently to such an extent as to bring discredit on itself/him/herself; or • if it has breached any of the provisions of the registration arrangement.
Monitoring	**Firm monitoring** A firm shall review, at least once a year, how effectively it is applying the registration arrangement rules, and will take action to deal with any issues found. The annual compliance review is done in two parts. Firstly, whole-firm matters such as competence, PII and continuing eligibility. Secondly, 'cold' reviews of completed ATOL reporting engagements to check that the work was completed in accordance with the practice's procedures.
	ATOL return work – specific requirement The ATOL returns work category requires the firm to use an independent reviewer (i.e. an external third party who is independent of the Firm), at least once every three years, to perform a review of a sample of completed ATOL reporting assignments to check that the work was completed in accordance with the practice's procedures. The independent reviewer should forward a report of the findings of such review to the ARA's professional body within three months of the review. The report should be used as part of the professional body's risk assessment. The approved professional body will determine the level of monitoring that is required for the ATOL Reporting Accountant. (See below). On receipt of a report by and independent reviewer, the professional body may request that an accelerated independent review is performed, and a further report submitted to the professional body. The ARA firm may be required to agree with the professional body the identity of the independent reviewer.
	Approved professional body monitoring A firm must appoint an ARA who will supply the professional body with information as required and provide an annual declaration to the professional body of the individual designated ATOL Reporting Accountants' compliance with their responsibilities under

	the registration arrangement rules. The professional body will use the information and annual declaration in their assessment of the continuing designation of the accountant as an ATOL Reporting Accountant. The professional body should apply a six-year monitoring cycle to firms in which they have members who are ATOL reporting accountants, unless a firm's ATOL reporting work is being appropriately monitored by another professional body. During its onsite visits, the professional body should conduct a review of whole-firm matters and 'cold' reviews of completed ATOL reporting engagements. The professional body should also require an annual return to provide regular and up-to-date information on the practice and its clients so that it can perform a risk assessment of each firm and identify any firms that may need a visit on a shorter cycle than six years. The CAA will have the authority to provide feedback to the relevant professional body on ATOL Reporting work submitted by an ATOL Reporting Accountant.
Standards and guidance	**Conduct of licensed work** A designated ATOL Reporting Accountant must: • act in accordance with the ..... Code of Ethics and Conduct; and • comply with any additional conduct of business requirements that are set out in the registration arrangement rules of the professional body for an application to become a designated ATOL Reporting Accountant. **CAA guidance** A designated ATOL Reporting Accountant should follow Appendix A when performing ATOL Returns/Reporting work. An annual compliance review for a designated ATOL Reporting Accountant is likely to include a checklist. However, a firm may consider that there are other more applicable methods for ensuring compliance.
General practice management	**The firm should:** • comply with laws, regulations and standards and only accept clients where: o there is no threat to the firm's integrity or objectivity that cannot be managed by appropriate safeguards; o the firm has access to adequate resources and expertise to provide the services required; o the firm has made adequate enquiries to ensure that there are no other reasons to prevent it from providing the services, including those related to the law and regulations on money laundering; and o the terms of engagement are clear and unequivocal; • ensure that all principals, staff and subcontractors are competent to carry out their work; and • ensure that work is conducted in an environment where quality is monitored.
Whistle blowing Policy	The Firm and ATOL Reporting Accountant should follow the whistle blowing guidance in Appendix A – Requirements for ATOL Reporting Accountants.
The following section includes key components of the ARA Scheme, which are obligations for Firms and the designated ATOL Reporting Accountant and which are also included in Appendix A.	
	Under the ARA Scheme the firm should take responsibility for firm wide elements including: • policies and procedures; • work programmes; • internal compliance reviews; • firm wide training; and • fit and proper declarations.

	The individual designated ATOL Reporting Accountant will sign off ATOL reports and give the annual declaration referred to above to the professional body.
	The ATOL Reporting Accountant/Firm will follow their professional body's regulations and bye-laws and therefore must: • at all times comply with the registration rules of the professional body; • deal with the professional body in an open and cooperative manner; • supply the professional body with information as required; • inform the professional body of any substantial changes to the firm and its operations; • pay any of the fees required by the professional body; • respond to enquiries by the professional body; and • subject itself to any monitoring inspection or review process specified by the professional body.

Appendix B

ATOL Certificates

1. Package (Single-contract) ATOL Certificate plus an optional blank page
2. Package (Multi-contract) ATOL Certificate plus an optional page 2 and an optional blank page.
3. Flight-Only ATOL Certificate plus an optional blank page.
4. Flight Inclusive Day Trip ATOL Certificate

This is an important document. Make sure that you take it with you when you travel.

ATOL Certificate

This confirms that your money is protected by the ATOL scheme if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Who is protected?

Number of passengers:

What is protected?

You can find more detailed information on your booking, including price, on the confirmation you will receive from

Who is protecting your trip?

Your protection

You are protected from when you were given this certificate to the end of your trip.

If
stops trading, the passengers named above will either:

1. take and complete their trip; or
2. receive a refund.

Your protection depends on the terms of the ATOL scheme and the specifics of the ATOL holder failure (available at www.atol.org.uk).

If
stops trading, you must follow the instructions at www.atol.org.uk (where there will be details of repatriation arrangements, and information on how people can claim their money back) or you can call (+44) 333 103 6350.

By issuing this ATOL Certificate, under Regulation 17 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended),
confirms that the trip to which it applies is sold in line with the ATOL held by the organiser named above.
The ATOL scheme is run by the Civil Aviation Authority and paid for by the Air Travel Trust. To see what that is and what you can expect, together with full information on its terms and conditions go to www.atol.org.uk.
As well as the protection of the ATOL scheme, you have protection under the Package Travel and Linked Travel Arrangements Regulations. For more information see www.direct.gov.uk in the Travel and Transport section.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Package (Single-contract)**

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Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Package (Single-contract)**

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This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Who is protected?

Number of passengers:

What is protected?

You can find more detailed information on your booking, including price, on the confirmation you will receive from

Who is protecting your trip?

Your protection

You are protected from when you were given this certificate to the end of your trip.

If
stops trading, the passengers named above will either:

1. take and complete their trip; or
2. receive a refund.

Your protection depends on the terms of the ATOL scheme and the specifics of the ATOL holder failure (available at www.atol.org.uk).

If
stops trading, you must follow the instructions at www.atol.org.uk (where there will be details of repatriation arrangements, and information on how people can claim their money back) or you can call (+44) 333 103 6350.

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As well as the protection of the ATOL scheme, you have protection under the Package Travel and Linked Travel Arrangements Regulations. For more information see www.direct.gov.uk in the Travel and Transport section.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Package (Multi-contract)**

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ATOL Certificate

This confirms that your money is protected by the ATOL scheme if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Parts of the trip	Details	Your provider & booking reference	Price
Flight			
Accommodation			
Car hire			
Other			
Total ATOL protected cost			

By issuing this ATOL Certificate, under Regulation 17 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended),
confirms that the trip to which it applies is sold in line with the ATOL held by the organiser named above.
The ATOL scheme is run by the Civil Aviation Authority and paid for by the Air Travel Trust. To see what that is and what you can expect, together with full information on its terms and conditions go to www.atol.org.uk.
As well as the protection of the ATOL scheme, you have protection under the Package Travel and Linked Travel Arrangements Regulations. For more information see www.direct.gov.uk in the Travel and Transport section.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Package (Multi-contract)**

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ATOL Certificate

This confirms that your money is protected by the ATOL scheme if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Page of

By issuing this ATOL Certificate, under Regulation 17 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended),
confirms that the trip to which it applies is sold in line with the ATOL held by the organiser named above.
The ATOL scheme is run by the Civil Aviation Authority and paid for by the Air Travel Trust. To see what that is and what you can expect, together with full information on its terms and conditions go to www.atol.org.uk.
As well as the protection of the ATOL scheme, you have protection under the Package Travel and Linked Travel Arrangements Regulations. For more information see www.direct.gov.uk in the Travel and Transport section.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Package** **(Multi-contract)**

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ATOL Certificate

This confirms that your money is protected by the ATOL scheme if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Who is protected? **Number of passengers:**

What is protected?

Who is protecting your flight?

ATOL protected cost

Your protection

You are protected from when you were given this certificate until you return to the UK. If stops trading, the passengers named above will either:

1. be returned to the UK; or
2. receive a refund for the amount above (or your deposit if that is all you have paid so far).

Your protection depends on the terms of the ATOL scheme (available at www.atol.org.uk).

If stops trading, you must follow the instructions at www.atol.org.uk (where there will be details of arrangements to bring people back to the UK, and information on how people can claim money back).
Or, you can call (+44) 333 103 6350.

Warning

This certificate only protects the above flight/s you have booked. Any other travel services you booked are not protected by this certificate.

By issuing this ATOL certificate, under Regulation 17 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended), confirms that the flight to which it applies is sold in line with the ATOL held by

The ATOL scheme is run by the Civil Aviation Authority and paid for by the Air Travel Trust. To see what that is and what you can expect, together with full information on its terms and conditions, go to www.atol.org.uk.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Flight-only**
	/ /			

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This is an important document. Make sure that you take it with you when you travel.

ATOL Certificate

This confirms that your money is protected by the ATOL scheme if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

By issuing this ATOL certificate, under Regulation 17 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended), confirms that the flight to which it applies is sold in line with the ATOL held by

The ATOL scheme is run by the Civil Aviation Authority and paid for by the Air Travel Trust. To see what that is and what you can expect, together with full information on its terms and conditions, go to www.atol.org.uk.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Flight-only**
	/ /			

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ATOL Certificate

This confirms that your money is protected by the ATOL scheme if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Who is protected?
[*Passenger Names*]

Number of passengers: [*xxxx*]

What is protected?

Parts of the trip	Details
Flight	[*Departure and destination airports; dates of travel & name of carrier*]
Car hire	[*Pick up point*]
Other	[*Details*]
Total ATOL protected cost	

Who is protecting your trip?
[*Name of protecting ATOL holder and ATOL number*] [*Booking reference*]

Your protection

You are protected from when you were given this certificate to the end of your trip.
If [*name of protecting ATOL holder*] stops trading, the passengers named above will either:

1 complete their trip and return to the UK; or
2 receive a refund.
Your protection depends on the terms of the ATOL scheme (available at www.atol.org.uk).

If [*name of protecting ATOL holder*] stops trading, you must follow the instructions at www.atol.org.uk (where there will be details of arrangements to bring people back to the UK, and information on how people can claim their money back) or you can call (+44) 333 103 6350.

By issuing this ATOL Certificate, under Regulation 17 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended), [*name of ATOL Certificate Issuer*] confirms that the trip to which it applies is sold in line with the ATOL held by the travel company named above.
The ATOL scheme is run by the Civil Aviation Authority and paid for by the Air Travel Trust. To see what that is and what you can expect, together with full information on its terms and conditions go to www.atol.org.uk.

Unique reference number:	Date of issue:	ATOL Certificate Issuer:	ATOL number:	**Flight Inclusive Day Trip**
[*ATOL holder's booking reference*]	/ /			

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