



Travellers' Protection Fund, Travel Agents' and Tour Operators' Bond Accounts for the year ended 31st December 2015

*Issue date : 22nd September 2016*

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# Travellers' Protection Fund, Travel Agents' and Tour Operators' Bond Accounts

## Statement of Commission's Responsibilities

Section 13(5) and 17(3) of the Transport (Tour Operators and Travel Agents) Act, 1982 requires the Commission to prepare financial statements in respect of drawn down travel agent and tour operator bonds and the Travellers' Protection Fund and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Commission is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis, unless that basis is inappropriate
- disclose and explain any material departures from applicable accounting standards

The Commission is responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and Bond Accounts and which enable it to ensure that the financial statements comply with the provisions of the Act. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Cathy Mannion  
Commissioner



## Travellers' Protection Fund and Travel Agents' and Tour Operators' Bond Accounts

I have audited the financial statements of the Travellers' Protection Fund and Travel Agents' and Tour Operators' Bond Accounts for the year ended 31 December 2015 under the Transport (Tour Operators and Travel Agents) Act 1982. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 17 of the Act, and in accordance with generally accepted accounting practice.

### Responsibilities of the Commission for Aviation Regulation

The Commission for Aviation Regulation is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Fund and Bond Accounts circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

### Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund and Bond Accounts as at 31 December 2015 and of its income and expenditure for 2015; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Fund and Bond Accounts were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

### Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Patricia Sheehan  
For and on behalf of the  
Comptroller and Auditor General

23 September 2016

**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES  
FOR YEAR ENDED 31 DECEMBER 2015**

	<u>2015</u>	<u>2014</u>
	€	€
<b><u>INCOME</u></b>		
Interest	10,245	32,346
Other income	-	-
<b><u>EXPENDITURE</u></b>		
Collapse claims & administration costs	24,316	-
General administrative costs	205	1,487
Accountancy & professional fees	1,306	864
Audit fee	3,622	3,600
	<u>29,449</u>	<u>5,951</u>
<b>(DEFICIT) / SURPLUS FOR YEAR</b>	<b>(19,204)</b>	<b>26,395</b>
<b>BALANCE AT 1 JANUARY</b>	<b>5,095,725</b>	<b>5,069,330</b>
<b>BALANCE AT 31 DECEMBER</b>	<b><u>5,076,521</u></b>	<b><u>5,095,725</u></b>

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

Date  
22nd September 2016

  
Cathy Mannion  
Commissioner

**Travellers' Protection Fund****STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

		2015	2015	2014	2014
		€	€	€	€
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	<i>Note 2</i>	5,305,074		5,174,231	
Receivables		<u>702</u>		<u>21,194</u>	
		5,305,776		5,195,425	
<b>CURRENT LIABILITIES</b>					
Provision for Amounts due to Bondholders	<i>Note 5</i>	(88,402)		(88,402)	
Specific provision for claims outstanding	<i>Note 4</i>	(126,388)		-	
Accruals	<i>Note 6</i>	<u>(14,464)</u>		<u>(11,298)</u>	
		(229,254)		(99,700)	
Net current assets/(liabilities)			5,076,521		5,095,725
<b>NET ASSETS</b>			<u><u>5,076,521</u></u>		<u><u>5,095,725</u></u>
<b>REPRESENTING</b>					
Retained Revenue Reserves			<u><u>5,076,521</u></u>		<u><u>5,095,725</u></u>

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

Date  
22nd September 2016

  
Cathy Mannion  
Commissioner

**Travellers' Protection Fund****STATEMENT OF CASHFLOWS**

	2015	2014
<b>Reconciliation of operating deficit to net</b>		
<b>Cash inflow/(outflow) from operating activities</b>		
Surplus/(Deficit) on Income and Expenditure	(19,204)	26,395
Bank Interest received net of bank charges paid	(10,245)	(32,346)
(Increase)/Decrease in Receivables	20,492	3,359
Decrease/(Increase) in Prepayments	-	-
Increase in Payables	126,388	3,000
(Decrease)/Increase in Accruals	3,167	(592)
	<u>120,598</u>	<u>(184)</u>
<b>Net Cash Inflow/ (Outflow) From Operating Activities</b>		
<b>Net Cash Inflow/ (Outflow) From Operating Activities</b>	120,598	(184)
<b>Cash flows from Investing activities</b>		
Bank Interest	10,245	32,346
Bank Charges Paid		
	<u>130,843</u>	<u>32,162</u>
<b>Increase/(Decrease) in Cash Balances</b>		
<b>Reconciliation of net cash flow to movements in net funds</b>		
Increase/(Decrease) in cash and cash equivalents in the period	130,843	32,162
Cash used to (decrease)/ increase cash and liquid resources	-	-
Change in Net Funds	<u>130,843</u>	<u>32,162</u>
Opening Net Funds	5,174,231	5,142,069
Closing Net Funds	<u>5,305,074</u>	<u>5,174,231</u>

**1 Accounting Policies**

The basis of accounting and significant accounting policies adopted by the Commission for Aviation Regulation in respect of the Travellers Protection Fund Account are set out below. They have all been applied consistently throughout the year and for the preceding year.

**a General**

The Transport (Tour Operators and Travel Agents) Act, 1982 made provision for the protection of persons who enter into overseas travel contracts with tour operators or travel agents by providing for:

- (a) The licensing of tour operators and travel agents;
- (b) The requirement that each such firm prior to the granting of a licence has furnished evidence to the Commission for Aviation Regulation that it has entered into an acceptable arrangement for the protection of its customers engaged in overseas travel (this arrangement is known as the "Bond") and;
- (c) The establishment of a Travellers' Protection Fund to meet any shortfall where the Bond is inadequate.

Under the provisions of the Aviation Regulation Act 2001, the administration of the Fund is the responsibility of the Commission for Aviation Regulation.

**b Bond Accounts**

Each bond provides that in the event of default by the tour operator or travel agent in respect of overseas travel contracts, a sum of money will become available to the Commission for Aviation Regulation to be applied for the benefit of any of its customers who have incurred loss or liability because of such default. The bonding requirements can be satisfied by an insurance bond, a bank bond or by depositing a cash sum with the Commission for Aviation Regulation.

A separate account is maintained by the Commission of all moneys received by it on foot of each bond related to a failed travel agent or tour operator and of all disbursements made by it from such monies. These accounts are shown on pages 9 to 14.

Administration costs are charged to the bond accounts as incurred. Claims are charged in the year in which the event giving rise to the claim occurred.

Funds received from each bond are drawn down or shown as due from the bondholder in the year in which the expenditure met from the bond is incurred.

**c Travellers' Protection Fund**

The Travellers' Protection Fund, financed by contributions from tour operators, is used to make good losses or liabilities sustained by customers of licensed tour operators or travel agents to the extent that the bonds are inadequate to meet such losses or liabilities. Amounts charged to the Fund are shown as Collapse Claims and Administration Costs in the Statement of Income and Expenditure and Retained Reserves. Contributions from tour operators on foot of regulations made under the Act were suspended with effect from April 1987, due to adequate cash reserves being available.

**d Liquidation of failed firms**

Where there is a failure of a travel agent or tour operator and such firm is put into liquidation, a claim is lodged with the liquidator for the recovery of any amounts which fall due to be met from the Travellers' Protection Fund. Receipts on foot of such claims are brought to account as they arise.

**e Statement of Compliance**

The financial statements of the Travellers Protection Fund for the year ended 31 December 2015 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the first set of financial statements of the Fund prepared in accordance with FRS 102. The date of transition to FRS 102 is 1 January 2014. The transition to FRS 102 has not affected its reported financial position or financial performance.

**f Basis of Preparation**

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Fund.

**g Income Recognition**

Income receivable from bondholders in relation to expenditure incurred is recognised when it is probable that economic benefit will flow to the fund. Where there is significant doubt over the recoverability of amounts due from bondholders, the relevant income is not recognised and is disclosed by way of a note. Interest income is recognised on an accruals basis using the effective interest rate method.



**Notes to the Travellers' Protection Fund****h Receivables**

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that Fund will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

**2 Cash and Cash Equivalents**

Any money not required to meet current expenditure is transferred to an investment account which is managed and controlled by the Minister for Finance. Interest generated by the Fund is credited to income.

Opening Balance	5,066,379
Interest	30,738
Audit Fee	(600)
Current Account	208,557
Closing Balance	<u>5,305,074</u>

**3 Collapse Claims and Administrative Costs have been met as follows:**

	Page	Claims 2015	Admin costs 2015	Total 2015	Charged to Bond 2015	Charged to Fund 2015
Just Sunshine Ltd	14	88,987	2,009	90,996	89,500	1,496
Travelcolumn Ltd	15	147,297	4,133	151,430	128,610	22,820
		<u>236,284</u>	<u>6,142</u>	<u>242,426</u>	<u>218,110</u>	<u>24,316</u>

<b>4 Claims Outstanding</b>	Page	2015 €	2014 €
Just Sunshine Ltd	14	4,260	-
Travelcolumn	15	122,128	-
		<u>126,388</u>	<u>-</u>

<b>5 Amounts due to Bondholders</b>	Page	2015 €	2014 €
Toolin Travel-Bond 2	11	88,402	88,402
		<u>88,402</u>	<u>88,402</u>

<b>6 TPF &amp; Bond Accruals</b>	Total 2015	Charged to the Bond	Charged to the Fund
Administration Costs			
Just Sunshine Ltd	2,009	513	1,496
Travelcolumn	3,679	-	3,679
General	870	-	870
Total Administration Costs	<u>6,558</u>	<u>513</u>	<u>6,045</u>
Accountancy & Professional Fees	1,306	-	1,306
Audit Fee	6,600	-	6,600
Legal Fees	0	-	0
	<u>14,464</u>	<u>513</u>	<u>13,951</u>

**7 Bonds**

Apart from the normal method of bonding through insurance companies and banks under the Bonding Regulations (S.I. 102 of 1983), the requirement for a bond may also be satisfied by:

- A cash sum deposited with the Commission for Aviation Regulation, in its name and that of the licence holder.

At 31 DECEMBER 2015, in addition to the monies accounted for in the preceding accounts, monies deposited with the Commission for Aviation Regulation in cash, as mentioned above, amounted to €20,542,519. This is accounted for as a current asset and a current liability in the financial statements of the Commission for Aviation Regulation.

**8 Legal Cases**

The Commission is involved in two legal cases relating to bond providers. The financial effect of these cases cannot be reasonably ascertained. Please refer to page 9 and 11 for further detail.

**9 Event after the Reporting Date**

Lowcostholidays Spain SL collapsed on 15th July 2016. The bond held in relation to this company was to the value of €79,423. The value of claims (on the Fund) submitted to the Commission in relation to this collapse is €3.8m. The total cost to the Fund is estimated to be circa €3.9m.

**Toolin Travel Limited-Bond 1**

Travel Agent Bond €470,000

**Statement of Income and Expenditure for year ended 31 December 2015**

	Note	2015 €	2014 €
<b>Income</b>			
Income from Bond		-	-
<b>Expenditure</b>			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
<b>SURPLUS/(DEFICIT)</b>		-	-
<b>SURPLUS/(DEFICIT) FROM PREVIOUS YEARS</b>		-	-
<b>TOTAL SURPLUS/(DEFICIT)</b>		-	-

**Statement of Financial Position at 31 December 2015**

<b>Current Assets</b>			
Due from Bondholder		-	-
<b>Current Liabilities</b>			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs		-	-
Due to TPF		-	-
<b>NET ASSETS/(LIABILITIES)</b>		-	-

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

**Note**

The total value of the bond is €470,000. We are attempting to call €311,930, which represents the amount due from the collective bond. The company collapsed on 12th June 2009. The bondholder has disputed payment on the bond. This case is in the discovery phase at present. Legal costs of €66,764.46 have been incurred to 31/12/15 and these have been recognised in the financial statements of the Commission for Aviation Regulation.

Date  
22nd September 2016



Cathy Mannion  
Commissioner

**Toolin Travel Limited-Bond 2**

Travel Agent Bond €250,000

**Statement of Income and Expenditure for year ended 31 December 2015**

	Note	2015 €	2014 €
<b>Income</b>			
Income from Bond		-	-
<b>Expenditure</b>			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
<b>SURPLUS/(DEFICIT)</b>		-	-
<b>SURPLUS/(DEFICIT) FROM PREVIOUS YEARS</b>		-	-
<b>TOTAL SURPLUS/(DEFICIT)</b>		-	-

**Statement of Financial Position at 31 December 2015**

<b>Current Assets</b>			
Cash in Bank	5	88,402	88,402
<b>Current Liabilities</b>			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs		-	-
Due to Bondholder	5	88,402	88,402
<b>NET ASSETS/(LIABILITIES)</b>		-	-

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

**Note**

The total value of the bond was €250,000 of which €250,000 has been called. The total cost of the collapse was €161,598. An amount of €88,402 is due to be repaid to the bondholder. There were sufficient funds within the bond to meet all liabilities without recourse to the Travellers' Protection Fund.

Date

22nd September 2016



Cathy Mannion  
Commissioner

**Portlaoise iTravel Limited- Bond 1**

Travel Agent Bond €440,000

**Statement of Income and Expenditure for year ended 31 December 2015**

	Note	2015 €	2014 €
<b>Income</b>			
Income from Bond		-	-
<b>Expenditure</b>			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
<b>SURPLUS/(DEFICIT)</b>		-	-
<b>SURPLUS/(DEFICIT) FROM PREVIOUS YEARS</b>		-	-
<b>TOTAL SURPLUS/(DEFICIT)</b>		-	-

**Statement of Financial Position at 31 December 2015**

<b>Current Assets</b>			
Due from Bondholder		-	-
<b>Current Liabilities</b>			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs		-	-
Due to TPF		-	-
<b>NET ASSETS/(LIABILITIES)</b>		-	-

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

**Note**

The total value of the bond is €440,000. We are attempting to call €199,664, which represents the total cost of the collapse, which occurred on 29th July 2009. The bondholder has disputed payment on the bond. This matter was heard in the High Court in April 2016 and the Commission awaits the decision of the Court. Legal costs of €19,388.13 have been incurred to 31/12/15 and these have been recognised in the financial statements of the Commission for Aviation Regulation.

Date  
22nd September 2016



Cathy Mannion  
Commissioner

**French Freedom Holidays**

Tour Operator / Travel Agent Bond €19,200

**Statement of Income and Expenditure for year ended 31 December 2015**

	Note	2015 €	2014 €
<b>Income</b>			
Income from Bond		-	-
<b>Expenditure</b>			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
<b>SURPLUS/(DEFICIT)</b>		-	-
<b>SURPLUS PAID TO BONDHOLDER IN THE YEAR</b>		-	-
<b>TOTAL SURPLUS/(DEFICIT)</b>		-	-

**Statement of Financial Position at 31 December 2015**

<b>Current Assets</b>			
Cash in Bank		-	1,134
<b>Current Liabilities</b>			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs		-	1,134
Due to Fund		-	-
<b>NET ASSETS/(LIABILITIES)</b>		-	-

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

**Note**

The total value of the bond was €19,200 of which €19,200 has been called. There were sufficient funds within the bond to meet all liabilities without recourse to the Travellers' Protection Fund.

Date  
22nd September 2016



Cathy Mannion  
Commissioner

**Just Sunshine Limited**

Tour Operator / Travel Agent Bond

€89,500

**Statement of Income and Expenditure for year ended 31 December 2015**

	Note	2015 €	2014 €
<b>Income</b>			
Income from Bond		89,500	-
<b>Expenditure</b>			
Claims		88,987	-
Administrative costs		2,009	-
Met by TPF		(1,496)	-
<b>SURPLUS/(DEFICIT)</b>		<b>(0)</b>	<b>-</b>
<b>SURPLUS PAID TO BONDHOLDER IN THE YEAR</b>		<b>-</b>	<b>-</b>
<b>TOTAL SURPLUS/(DEFICIT)</b>		<b>-</b>	<b>-</b>

**Statement of Financial Position at 31 December 2015**

<b>Current Assets</b>			
Cash in Bank		6,269	-
<b>Current Liabilities</b>			
Outstanding Claims		4,260	-
Accruals - Outstanding Administrative costs	6	2,009	-
Due to Bondholder		-	-
<b>NET ASSETS/(LIABILITIES)</b>		<b>-</b>	<b>-</b>

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

**Note**

The total value of the bond was €89,500 of which €89,500 has been called. There were insufficient funds within the bond to meet all liabilities without recourse to the Travellers' Protection Fund. An amount of €1,500 was charged to the fund in 2015.

Date

22nd September 2016



Cathy Mannion  
Commissioner

Tour Operator / Travel Agent Bond

€128,610

**Statement of Income and Expenditure for year ended 31 December 2015**

	Note	2015 €	2014 €
<b>Income</b>			
Income from Bond		128,610	-
<b>Expenditure</b>			
Claims		147,297	-
Administrative costs		4,133	-
Met by TPF		(22,820)	-
<b>SURPLUS/(DEFICIT)</b>		-	-
<b>SURPLUS PAID TO BONDHOLDER IN THE YEAR</b>		-	-
<b>TOTAL SURPLUS/(DEFICIT)</b>		-	-

**Statement of Financial Position at 31 December 2015**

<b>Current Assets</b>			
Cash in Bank		125,807	-
<b>Current Liabilities</b>			
Outstanding Claims		122,128	-
Accruals - Outstanding Administrative costs	6	3,679	-
Due to Bondholder		-	-
<b>NET ASSETS/(LIABILITIES)</b>		-	-

The Statement of Cashflows and Notes 1 to 9 form part of these accounts.

**Note**

The total value of the bond is €128,610 of which €128,610 has been called. There were insufficient funds within the bond to meet all liabilities without recourse to the Travellers' Protection Fund. An amount of €22,820 was charged to the fund in 2015.

Date

22nd September 2016



Cathy Mannion  
Commissioner