



Travellers' Protection Fund, Travel Agents' and Tour Operators' Bond Accounts for the year ended 31st December 2014

Issue date : 9th September 2015

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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 proper books of account, 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.



David Hodnett
Acting Commissioner
9th September 2015



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

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 2014 under the Transport (Tour Operators and Travel Agents) Act 1982. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the related notes and the Bond accounts. The financial statements have been prepared in the form prescribed under Section 17 of the Act, and in accordance with generally accepted accounting principles.

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 of the transactions on the Fund and Bond Accounts and the state of affairs, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and 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, 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, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the transactions on the Fund and Bond Accounts for the year ending 31 December 2014 and the state of affairs at that date.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.

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
- my audit noted 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
- I find 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
11 September 2015

Statement of Accounting Policies

1. 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.

2. 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 8 to 12.

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.

3. 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 Income and Expenditure Account. 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.

4. 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.

Travellers' Protection Fund

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2014

	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
	€	€	€	€
<u>INCOME</u>				
Interest	32,346	32,346	25,686	25,686
Other income		-		-
<u>EXPENDITURE</u>				
Collapse claims & administration costs	-		-	
General administrative costs	1,487		693	
Accountancy & professional fees	864		1,295	
Audit fee	3,600		4,200	
		<u>5,951</u>		<u>6,188</u>
(DEFICIT) / SURPLUS FOR YEAR		26,395		19,498
BALANCE AT 1 JANUARY		5,069,330		5,049,832
BALANCE AT 31 DECEMBER		<u><u>5,095,725</u></u>		<u><u>5,069,330</u></u>

The Statement of Accounting Policies and Notes 1 to 6 form part of these accounts

Date
9th September 2015


David Hodnett
Acting Commissioner

Travellers' Protection Fund**BALANCE SHEET AS AT 31 DECEMBER 2014**

		2014	2014	2013	2013
		€	€	€	€
Investment account	<i>Note 1</i>		5,066,379		5,030,933
CURRENT ASSETS					
Interest accrued		21,194		24,553	
Amounts due from Bondholders		-		3,000	
Bank		107,852		111,136	
		<u>129,046</u>		<u>138,689</u>	
CURRENT LIABILITIES					
Provision for Amounts due to Bondholders	<i>Note 3</i>	(88,402)		(88,402)	
Specific provision for claims outstanding		-		-	
Accruals	<i>Note 4</i>	(11,298)		(11,890)	
		<u>(99,700)</u>		<u>(100,292)</u>	
Net current assets/(liabilities)			29,346		38,397
NET ASSETS			<u>5,095,725</u>		<u>5,069,330</u>
REPRESENTED BY					
Income and Expenditure Account balance at 1 January			5,069,330		5,049,832
(Deficit) / Surplus for year			26,395		19,498
			<u>5,095,725</u>		<u>5,069,330</u>

The Statement of Accounting Policies and Notes 1 to 6 form part of these accounts

Date
9th September 2015



David Hodnett
Acting Commissioner

Notes to the Travellers' Protection Fund

¹ 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.

2 Amounts due from Bondholders	Page	2014	2013
		€	€
Budget Travel Ltd	11	-	3,000
		<u>-</u>	<u>3,000</u>

3 Amounts due to Bondholders	Page	2014	2013
		€	€
Toolin Travel-Bond 2	9	88,402	88,402
		<u>88,402</u>	<u>88,402</u>

4 TPF & Bond Accruals	Total	Charged to	Charged to
	2014	the Bond	the Fund
Administration Costs			
General	2,634	1,134	1,500
Total Administration Costs	<u>2,634</u>	<u>1,134</u>	<u>1,500</u>
Accountancy & Professional Fees	864	-	864
Audit Fee	7,800	-	7,800
Legal Fees	-	-	-
	<u>11,298</u>	<u>1,134</u>	<u>10,164</u>

5 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 2014, 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 €12,771,380.

6 Legal Cases

The Commission is involved in two legal cases relating to bond providers. The financial effect of these cases cannot be reasonably ascertained.

Toolin Travel Limited-Bond 1

Travel Agent Bond **€490,000**

Income and Expenditure Account for year ended 31 December 2014

	Note	2014 €	2013 €
Income			
Income from Bond		-	-
Expenditure			
Claims		-	-
Administrative costs Met by TPF		-	-
		<hr/>	<hr/>
SURPLUS/(DEFICIT)		-	-
SURPLUS/(DEFICIT) FROM PREVIOUS YEARS		-	-
TOTAL SURPLUS/(DEFICIT)		<hr/> <hr/>	<hr/> <hr/>

Balance Sheet at 31 December 2014

Current Assets

Due from Bondholder

- -

Current Liabilities

Outstanding Claims

Accruals - Outstanding Administrative costs

Due to TPF

- -

- -

NET ASSETS/(LIABILITIES)

- -

The Statement of Accounting Policies and Notes 1 to 6 form part of these accounts

Note

The total value of the bond is €490,000. We are attempting to call €393,482, which represents the total cost of the collapse, but this is being disputed by the bondholder. As a result, the amount due from the bondholder has not been included as a debtor in the TPF accounts at this stage. All costs of the collapse have been met by the TPF in the interim and were included in previous years financial statements.

Date
9th September 2015



David Hodnett
Acting Commissioner

Toolin Travel Limited-Bond 2

Travel Agent Bond €250,000

Income and Expenditure Account for year ended 31 December 2014

	Note	2014 €	2013 €
Income			
Income from Bond		-	-
Expenditure			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
SURPLUS/(DEFICIT)		-	-
SURPLUS/(DEFICIT) FROM PREVIOUS YEARS		-	-
TOTAL SURPLUS/(DEFICIT)		-	-

Balance Sheet at 31 December 2014

Current Assets			
Cash in Bank	3	88,402	88,402
Current Liabilities			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs		-	-
Due to Bondholder	3	88,402	88,402
NET ASSETS/(LIABILITIES)		-	-

The Statement of Accounting Policies and Notes 1 to 6 form part of these accounts

Note

The total value of the bond is €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
9th September 2015



David Hodnett
Acting Commissioner

Portlaoise Travel Limited- Bond 1

Travel Agent Bond €440,000

Income and Expenditure Account for year ended 31 December 2014

	Note	2014 €	2013 €
Income			
Income from Bond		-	-
Expenditure			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
SURPLUS/(DEFICIT)		-	-
SURPLUS/(DEFICIT) FROM PREVIOUS YEARS		-	-
TOTAL SURPLUS/(DEFICIT)		-	-

Balance Sheet at 31 December 2014

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

The Statement of Accounting Policies and Notes 1 to 6 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, but this is being disputed by the bondholder. As a result, the amount due from the bondholder has not been included as a debtor in the TPF accounts at this stage. All costs of the collapse have been met by the TPF in the interim and were included in previous years financial statements.

Date
9th September 2015



David Hodnett
Acting Commissioner

Budget Travel

Tour Operator / Travel Agent Bond €11,509,266

Income and Expenditure Account for year ended 31 December 2014

	Note	2014 €	2013 €
Income			
Income from Bond		-	-
Expenditure			
Claims		-	-
Administrative costs		-	-
Met by TPF		-	-
SURPLUS/(DEFICIT)		-	-
SURPLUS/(DEFICIT) FROM PREVIOUS YEARS		-	-
TOTAL SURPLUS/(DEFICIT)		-	-

Balance Sheet at 31 December 2014

Current Assets			
Amount due from bondholder	2	-	3,000
Current Liabilities			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs		-	-
Due to Fund	2	-	3,000
NET ASSETS/(LIABILITIES)		-	-

The Statement of Accounting Policies and Notes 1 to 6 form part of these accounts

Note

The total value of the bond is €11,509,266 of which €3,708,298 has been called. There were sufficient funds within the bond to meet all liabilities without recourse to the Travellers' Protection Fund. The balance of the bond, in the amount of €7,800,968, has been refunded to the Liquidator. The amount due from the bond holder of €3,000 relates to administration costs. This amount was received from the bond holder in October 2014.

Date
9th September 2015


David Hodnett
Acting Commissioner

French Freedom Holidays

Tour Operator / Travel Agent Bond €19,200

Income and Expenditure Account for year ended 31 December 2014

	Note	2014 €	2013 €
Income			
Income from Bond		-	19,200
Expenditure			
Claims		-	11,140
Administrative costs		-	1,134
Met by TPF		-	-
SURPLUS/(DEFICIT) *		-	6,926
SURPLUS PAID TO BONDHOLDER IN THE YEAR		-	(6,926)
TOTAL SURPLUS/(DEFICIT)		-	-

Balance Sheet at 31 December 2014

Current Assets			
Cash in Bank		1,134	1,134
Current Liabilities			
Outstanding Claims		-	-
Accruals - Outstanding Administrative costs	4	1,134	1,134
Due to Fund		-	-
NET ASSETS/(LIABILITIES)		-	-

The Statement of Accounting Policies and Notes 1 to 6 form part of these accounts

Note

The total value of the bond is €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.

* The balance of the bond, in the amount of €6,926, has been refunded to the Bond Provider.

Date
9th September 2015


David Hodnett
Acting Commissioner