

Official Record Series 3

APPENDIX A

Requirements for ATOL Reporting Accountants – (Formerly known as Guidance Note 10)

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Summary of changes to APPENDIX A

1. Throughout the document the reference 'guidance note 10' has been updated to Appendix A.
2. 4.37 – AAR Licensable Revenue – the accountants report has been updated to the term 'prepared in all material respects' from 'fairly presented'. This follows current reporting terminology, reflecting materiality.
3. 4.52 – Non-compliance subject matters and breaches. A new footnote contains some examples of breaches which an ARA might identify during testing.

Footnote 1 - 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.

4. Annex 3 – What should be included in licensable revenue? This paragraph already discusses the gross invoice value of licensable revenue and a number of other sale components, such as selling price, ancillary items, taxes, duties or surcharges, agents commission and insurance. We have bolded these components to make them more apparent and also added the following sentence:
 - a. ATOL holders should have processes to ensure that items, such as agent's commission, are included where applicable.
5. Annex 3 – Which sales should not be counted as licensable? We have added a paragraph here (3rd bullet point) on where to find the exemption in the ATOL regulations for IATA and Flight-Only ticket fully paid sales:
 - a. 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.
6. Annex 3 – Airline Ticket Agent – for clarity, we have extended the sentence with regard to agents issuing tickets under their own IATA agreement as an 'IATA Accredited Agent'. In addition, and for clarity, the paragraphs refer to an 'airline ticket agent' and what they must do and under what ATOL Regulations; there are no changes to the regulations.
7. Annex 4 - Footnote 5 includes the updated link to locate the Official Record Series 3 (ORS3) which the Appendix 3 is part of.

8. Annex 7 – (b)2. Agreed work procedure for Public licensable passenger numbers. This now adds clarity on what should be obtained to understand the conditions that an ATOL holder has been offered either a renewal of an ATOL or a variation of an ATOL. As well as obtaining a copy of the ATOL Licence, the ARA should obtain a copy of the renewal offer letter and any variation offer and grant letters filed during the year.
9. Annex 7 – (b)4-6. There is no further change to the Public category or the sub-categories, however the work procedures now adds clarity to the requirement to agree the sub-categories of Public licensable passenger numbers (booked and departed) and the continued requirement on a quarterly basis.
10. Annex 7 – (b)6. Additional procedure to check that the ATOL holder's licence limits have not been exceeded for both the year and the calendar quarters on a departure date basis.
11. Annex 7 – (b)7. Additional guidance here to make it clear that any 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.
12. Annex 7 – (d)1. Airline Ticket Agent – Additional detail on the sample size for the procedure on testing airline ticket agent bookings – for a sample of 5% of Airline Ticket Agent bookings, up to a maximum sample of 25 bookings selected randomly. Plus amended procedure on when a ticket is recorded as issued to the consumer, which should be promptly at the point when the payment is made. There is also new guidance on what constitutes 'promptly'.
13. Annex 7 – (e)1-5. This section now includes a work procedure requirement for the exemption of Flight-Only Ticket Fully Paid, which was included in the ATOL Regulations in 2018. Sample size detail is provided as well as guidance on where to find the 'terms and conditions of carriage', etc. of the operator of the aircraft.
14. Annex 10 - An example of AAR Part 1 and the Airline Ticket Agent forms are now included here.
15. The transitional arrangements from 2018 have been removed as they are no longer applicable.
16. Annex 11 – Professional Accountancy Body Technical Guidance. The links for ACCA, ICAEW and ICAS have been updated.
17. Annex 13 – A table has been added showing the current applicable ATOL reporting periods.