MEMORANDUM
PAC/Reso/761

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: 30 April 2021

Subject: MAIL VOTE (A400)
PAC2 (Mail A400)
Changes to the Local Financial Criteria - Cyprus

Background Information

Following the COVID-19 crisis, the Passenger Steering Group encouraged APJCs to form a Local Financial Advisory Group (LFCAG) to review the existing Local Financial Criteria and consider whether any current ratios should be amended to reflect the market conditions impacted by the COVID-19 outbreak.

APJC Cyprus Members during their APJC Meeting held on 22 July 2020, decided to form a LFCAG who met and reviewed the proposed temporary LFC changes, in order to reflect the Cypriot market conditions and impact of Covid-19 outbreak to the Travel agents’ accounts. On the last APJC that took place on the 9 March 2021, the forum reviewed the proposed changes and unanimously voted in favour of the following temporary and permanent changes that shall take effect on the 1 June 2021

Temporary amendment: (Attachment A section 2)

1. Travel Agents will submit to IATA their 2020 annual financial statements as per section 3 deadline, according to IATA instructions.
2. IATA will not perform the assessment of the 2020 financial statements and there will be no financial review result based on these statements. The results of the previous assessment of 2019 accounts will be used for the 2020 accounts.
3. The above-mentioned measures will initially be valid for the assessment of the 2020 accounts, but APJC Cyprus will monitor the situation and review the need to continue or not the above or similar measures.

Permanent amendment: (Attachment B section 3)

3. ANNUAL FINANCIAL REVIEWS
Accredited Agents must provide the documents listed under Accounts in Section 1.1 within twelve months following their financial year-end plus 15 calendar days.

Proposed Solution
PACConf to endorse:

- The temporary measures for the financial year end of 2020 as per Attachment ‘A’
- The permanent change to the LFC with effective date after the end-date of the temporary measures as per Attachment ‘B’

Effective Date
The proposed effective date of these changes is 1 June 2021
Proposed Action
Conference to adopt the temporary changes to the Local Financial Criteria as shown in Attachment ‘A’.
The timetable for this Mail Vote is as follows:

- Voting Period: 30 April - 14 May 2021
- Filing Period: 17 May - 31 May 2021
- Effectiveness: 1 June 2021

To cast a vote, Members are asked to access the application from the following link:
https://www.surveymonkey.com/r/A399-426

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on Friday, 14 May 2021. Votes not cast by that deadline will be deemed to be affirmative.

In conformity with the Mail Vote procedure endorsed by PACOnf in October 2009, this Mail Vote has been provided in advance to representatives of the agency associations ECTAA, UFTAA and WTAAA for review and/or comment. No comments were received.

Any Member seeking clarification on any aspect of the mail vote or the mail vote process is invited to contact the IATA Passenger Governance team by email to pac-gov@iata.org.

Juan Antonio Rodriguez
Director, FDS Operations, GDC
1. GENERAL RULE

1.1 Accounts:
New Applicants and Accredited Agents must submit the following documents for the most recent financial year:

(a) full set of audited financial statements including Balance Sheet and Profit & Loss Account (duly certified by an outside public accountant)

New Applicants
Only licensed Travel Agents being in operation for more than 12 months can apply for IATA accreditation.

2. CRITERIA FOR THE EVALUATION OF AGENTS’ ACCOUNTS

New Applicants and Existing Agents:

All financial information used in the financial criteria will be extracted from the Agent’s Audited Accounts.

The financial statements should show:

(a) minimum issued and fully paid share capital/capital account of EUR 17,000.
(b) liquidity ratio (Current Assets/Current Liabilities) of at least 1.0. When calculating the liquidity ratio, debtors over one year old will be deducted and Related Companies, Directors’, Shareholders’ or Partners’ Accounts are also to be excluded. In the event that the liquidity ratio is less than 1.0 but more than 0.9, then the level and quality of an Agent’s fixed assets may be taken into consideration.
(c) a balance sheet that is not insolvent. When deducting Total Liabilities (Current Liabilities + Long-term Liabilities) from Total Assets (Fixed Assets + Current Assets) the value must be positive.

The Agent’s Financial Assessment will be considered as PASSED when all the above criteria are met.

Exceptionally for the financial assessment of the 2020 financial year:
– IATA will not perform the assessment of the 2020 financial statements and there will be no financial review result based on these statements.
– The results of the previous assessment of 2019 accounts will be used for the 2020 accounts.

3. ANNUAL FINANCIAL REVIEWS

Accredited Agents must provide the documents listed under Accounts in Section 1.1 within twelve months following their financial year-end plus 15 calendar days.

4. FINANCIAL SECURITY
4.1 For the purpose of calculating the amount of a Financial Security, the following will apply:

4.1.1 “Days’ Sales at Risk” means the number of days from the beginning of the Agent’s Reporting Period to the Remittance Date in respect of that Reporting Period or Periods, plus a margin of five days.

Remittance Twice per month: 35 days sales at risk  
Voluntary Remittance Four times per month: 19 days sales at risk

4.1.2. “Amount at Risk” is calculated by dividing the Days’ Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover of the 3 highest months made by the Agent in the previous 12 months period:

\[
\text{“Amount as Risk”} = \frac{\text{“Days’ Sales at Risk”} \times \text{BSP Cash Turnover in the 3 highest month period}}{90}
\]

4.1.3 The required minimum level of the Financial Security:

Remittance Twice per month: EUR 17,000  
Voluntary Remittance Four times per month: EUR 10,000

4.2 Accredited Agents

4.2.1 Agents with Risk Status A:

For Agents with Risk Status A no Financial Security will be required.

4.2.2 Agents with Risk Status B or C

For Agents with Risk Status B or C the amount of the Financial security will equal the “Amount at Risk” as calculated in Section 4.1.2, or the applicable minimum as per Section 4.1.3.

All Financial Security amounts are calculated to the nearest multiple of EUR 1,000.

5. OTHER

License

A valid Cyprus Tourism Organization license is required.
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4.2 Accredited Agents

4.2.1 Agents with Risk Status A:

For Agents with Risk Status A no Financial Security will be required.

4.2.2 Agents with Risk Status B or C

For Agents with Risk Status B or C the amount of the Financial security will equal the “Amount at Risk” as calculated in Section 4.1.2, or the applicable minimum as per Section 4.1.3.

All Financial Security amounts are calculated to the nearest multiple of EUR 1,000.

5. OTHER

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