MEMORANDUM
PAC/RESO/1014

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: 31 October 2023

Subject: MAIL VOTE (A645)
PAC2 (Mail A645)
CHANGES TO LOCAL FINANCIAL CRITERIA BELGIUM & LUXEMBOURG

Background Information
Following the COVID-19 and the temporary and permanent changes applied in the financial criteria in force in the Belgian and Luxembourg market, APJC Belgium and Luxembourg mandated the LFCAG group to completely review the LFC and recommend permanent changes. LFCAG Belgium and Luxembourg met on 11 May and 19 June 2023 and produced recommendations which have been submitted to APJC Belgium and Luxembourg members on 10 July 2023.

APJC Belgium and Luxembourg validated, through a Mail Vote which finalized on 24 July 2023, the changes to the Local Financial Criteria to be applied as of 1 January 2024 and which read as follows:

1.4 The profitability EBITDA is positive. The accounts must indicate that there is a profit after tax, at least for one two of the three last financial years.

The result of the mail vote was the following:
• in favour: 9
• no feedback (considered as in favour as per Code Of Conduct, Section 10): 5

The amendments to the Local Financial Criteria are shown below and in Attachment ‘A’

Effective Date
The proposed effective date of these changes is the earliest date: 1 January 2024.
Proposed Action
Conference to adopt the changes to the Local Financial Criteria as shown in Attachment ‘A’

The timetable for this Mail Vote is as follows:
Voting Period: 31 October - 15 November 2023
Filing Period: 16-30 November 2023
Effectiveness: 1 January 2024.

To cast a vote, Members are asked to access the application from the following link:
https://forms.office.com/e/GNaQBgexpH

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on Wednesday, 15th of November. 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. CRITERIA FOR THE EVALUATION OF AGENTS’ FINANCIAL STATEMENTS

The financial tests defined below will be used for the financial review of the Agent’s annual accounts.

1.1 The equity ratio is minimum 12%:
\[
\text{Equity ratio} = \frac{\text{Equity}}{\text{Total Accounts}}
\]

Equity = capital + reserves + carried over profit/loss - revalued premiums

1.2 The working capital is positive:
\[
\text{Working capital} = \text{equity} + \text{long-term liabilities} - \text{fixed assets}
\]

1.3 The current ratio or liquidity is minimum 1:
\[
\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}
\]

1.4 The EBITDA is positive at least for two of the three last financial years.

1.5 An Agent will obtain a satisfactory result on the financial review when all provisions in 1.1-1.4 have been met.

2. ANNUAL FINANCIAL REVIEWS

2.1 New applicants:

2.1.1 New applicants with more than one year’s trading record must submit with the application:
1) a full set of financial statements, including balance sheet, profit and loss account duly certified by an outside public accountant, for their company for the most recent financial year.
2) a certificate of insurance against insolvency in conformity with local law

2.1.2 Companies with less than one year’s trading record must submit:
1) a copy of a financial plan (including the opening balance sheet)
2) a certificate of insurance against insolvency in conformity with local law

The most frequent remittance frequency is applied to all new Agents in BSP Belgium & Luxembourg during their first 2 years of accreditation.

2.2 Agents Accredited for more than 2 years:

2.2.1 Accredited Agents have to submit annually, within seven months of the most recent financial year end, the following documents:
- a full set of financial statements, including balance sheet, profit and loss account duly certified by an outside public accountant.
- a certificate of insurance against insolvency in conformity with local law

2.2.2 If the Agent is a subsidiary of a larger parent organization, the consolidated accounts must be provided.

3. FINANCIAL SECURITY
3.1 All Financial Securities must have an unlimited validity.

3.2 For new applicants the minimum required financial security will be EUR 10,000 during the first 2 years.

3.3 The amount of the Financial Security for the Agents that have been IATA accredited for more than two (2) years will be calculated as follows:

**Agents with Risk Status A**

3.4 For Agents with Risk Status “A” no Financial Security is required.

**Agents with Risk Status B**

3.5 For Agents with Risk Status “B” the amount of the Financial Security required must be calculated as per the formula below, with a minimum of EUR 10,000.00.

Remittance four times per month:

\[
\text{Yearly net cash sales} \times \frac{20}{360}
\]

**Agents with Risk Status**

3.6 Agents with Risk Status “C” must provide a Financial Security in accordance with the provisions of Resolution 812, with a minimum amount of EUR 10,000.00. The most frequent remittance frequency per month will be applied.

### 4. DEFINITIONS OF TERMS USED IN THE CRITERIA

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<th>Equity Ratio</th>
<th>Capital</th>
<th>Code</th>
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<td>Code 10*, Capital/Kapitaal/Capital/Kapital</td>
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<td>Reserves</td>
<td>Code 13* Reserves/Reserves/Réserves/Rücklagen</td>
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<td>Carried over profit/loss</td>
<td>Code 14*, Accumulated profits (losses)/ Overgedragen winst (verlies)/Bénéfice (Perte) reporté(e)/ Gewinnvortrag (Verlustvortrag) auf neue Rechnung</td>
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<td>Working Capital</td>
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<td>Long term liabilities</td>
<td>Code 17*, Amounts payable after more than 1 year/Schulden op meer dan één jaar/Dettes à plus d’un an/Verbindlichkeiten mit einer Restlaufzeit von mehr als einem Jahr</td>
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<tr>
<td>Fixed assets</td>
<td>Code 21/28* – 28* Fixed Assets/Vaste Activa/Actifs immobilisés/Anlagevermögen</td>
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<tr>
<td>Current ratio</td>
<td>Current Assets</td>
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<tr>
<td></td>
<td>Current Liabilities</td>
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<td>Profitability</td>
<td>Profit after tax for the accounting period X</td>
<td>Code 9904* from column Boekjaar / Exercice / Geschäftsjahr (Dutch / French / German)</td>
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<td>Profit after tax for the accounting period X-1</td>
<td>Code 9904* from column Vorig boekjaar / Exercice precedent / Vorhergehendes Geschäftsjahr (Dutch / French / German)</td>
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<td>Profit after tax for the accounting period X-2</td>
<td>Code 14P* from column Vorig boekjaar / Exercice precedent / Vorhergehendes Geschäftsjahr (Dutch / French / German)</td>
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<tr>
<td>EBITDA</td>
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<td>Codes 9901 and 630</td>
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* Codes corresponding to BNB format