

CHANGES TO LOCAL FINANCIAL CRITERIA AUSTRIA

Submitted by APJC Austria

Background Information

APJC Austria proposed to amend the Local Financial Criteria by reducing the remittance period for twice monthly and four times per month remittance frequency from 15 to 10 days from 1 January 2024. In addition, it was proposed to change the remittance period for four times per month remittance frequency from 10 to 5 days from 1 January 2025. The proposal was adopted by the Conference in 2023 through Q4 Mail Vote (A639).

The APJC Austria met on 13 May 2024 to adjust the Days Sales at Risk to the reduced remittance periods.

The APJC members voted unanimously in favor of the proposal shown in Attachment 'A'.

Proposed Solution

To propose that the Days Sales at Risk be adjusted to reflect the reduction in the remittance period.

Proposed Action

Conference to adopt the changes to the Local Financial Criteria as shown in Attachment 'A'.

AUSTRIA

Effective 1 ~~January~~ September 2024

1. GENERAL RULE – (Accounts / Documents to be provided)

1.1 New Applicants

In addition to a complete application the applicant must, for a minimum of two years from its effective date of accreditation, provide a Financial Security according to chapter 4.

1.2 Accredited Agents

An Accredited Agent holding Standard Accreditation with Cash Facility is required to undergo a financial assessment annually or for cause at any time. For the conduct of financial assessments, the agent must provide the annual accounts as stated in chapter 2.

2. ANNUAL FINANCIAL REVIEW

New Applicants and Accredited Agents are required to submit their Annual Report upon request of IATA to perform the financial assessment.

All Agents must provide their financial accounts no later than 9 months after each financial year end for the purpose of evaluation against the financial tests in section 3 of these criteria.

Accredited Agents that meet all criteria stipulated in section 3 are considered to have passed the Financial Review.

If an Agent failed to pass the criteria under section 3, the Agent must provide a Financial Security in accordance with section 4 in these criteria.

3. CRITERIA FOR THE EVALUATION OF AGENT'S ACCOUNT

The established criteria for financial evaluation of new and existing Agents are as follows:

3.1 equity capital \geq 8%

$(\text{Equity Capital} + \text{reserves before tax provision} / \text{Total Capital minus down payment on stockpile}) * 100$

3.2 guarantee of long-term assets \geq 100%

$(\text{Equity Capital} + \text{Long Term Accruals}^1) / \text{Fixed Assets} * 100$

3.3 Liquidity \geq 103%

$(\text{Current Assets} / \text{Current Liabilities}) * 100$

3.4 The remittance period, i.e., the number of days between the end of the billing period and the remittance date, for twice per month and four times per month remittance is 10 days.

Effective 1 January 2025 the number of days between the end of the billing period to remittance date will be 5 working days for all agents remitting four times per month.

An Agent will pass the Financial Review if all criteria above are met. An Agent will fail the Financial Review if one or more of the above criteria are not met.

4. FINANCIAL SECURITY

4.1 An Agent will not be accredited or will not continue to be accredited until any Financial Security required to be provided to IATA has been received by IATA and confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid.

4.2 Financial Securities will be subject to a minimum notice of termination period on the part of the Financial Security Provider of ninety (90) days and ideally be valid for an unlimited period but at least for a minimum of two years with expiring on December 31st of the respective year.

4.3 For the purposes of calculating the amount of a Financial Security the following definitions apply:

4.3.1 "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 Frequency:	Days' Sales at Risk
Twice per month	30
Four times per month	<u>24-22</u>
Daily	5

4.3.2 "Days Sales at Risk" as per 1st January 2025:

Remittance Frequency:	Days' Sales at Risk
Twice per month	30
Four times per month	<u>49-17</u>
Daily	5

4.3.3 "Amount at Risk" is calculated using BSP cash turnover amount equal to the net cash sales in the previous 12 months as follows:

'Amount at Risk' = "Days' Sales at Risk" x BSP cash turnover in the most recent 12 months

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4.3.4 The value of the Financial Security will be rounded to the next +1,000 EUR.

4.4 Agents accredited for less than two years must provide a Financial Security with a minimum amount as per 4.5. during the first two (2) years as IATA accredited Agent.

4.5 The minimum fixed amount of Financial Security based on the remittance frequency of the Agent:

-twice per month remittance:	EUR 20,000
- four times per month remittance:	EUR 15,000
- daily remittance:	EUR 5,000

4.6 Agents accredited for more than two years.

4.6.1 Agents with Risk Status A

Agents with Risk Status A will not be required to submit a Financial Security.

4.6.2 Agents with Risk Status B

For Agents with Risk Status B the amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3 using the BSP cash turnover amount equal to the net cash sales in the previous 12 months, with a minimum amount as per section 4.5, whichever is higher.

4.6.3 Agents with Risk Status C

For Agents with Risk Status C the amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3, using the BSP cash turnover amount equal to the net cash sales in the previous 12 months, with a minimum amount as per 4.5, whichever is higher. The most frequent standard remittance frequency, i.e., weekly remittance, will be applied.