

PHILIPPINES

(Effective 01 Sep 2024, PAC/46)

1. FINANCES

1.1 The applicant must have conducted travel agent business for at least twelve (12) months.

2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS

2.1 paid-up capital of PHP 3.0 million

2.2 working capital of PHP 1.2 million

2.3 Financial Assessment Indicators

CRITERIA

FORMULA

Liquidity (max 30) Current Assets / Current Liabilities

Values	Rating
1.20 and above	30
1.10 < 1.20	25
1.00 to <1.10	15
<1.00 and below	0

Stability (max 25) Total Liabilities / Total Equity

Values	Rating
<1.5	25
1.5 and <1.75	20
1.75 and <2.0	10
>=2.0	5

Profitability (max 25) Net Income (Before Tax) / Total Revenue

Values	Rating
0.10 and above	25
0.050 to <0.10	15
0.000 to <0.050	10
Below 0.000	0

Investment Returns (max 20) Net Income (Before Tax) / Stockholders Equity

Values	Rating
>0	20
< 0	0

The total points achievable is 100.

2.4 To pass the financial assessment, the Agent must meet the following:

- (a) The minimum level of paid up capital in accordance with section 2.1, and
- (b) The minimum level of working capital in accordance with section 2.2, and
- (c) Obtain a financial assessment rating score of 70 or above in accordance with section 2.3

3. ANNUAL FINANCIAL REVIEWS

New Agents

3.1 Applicants must provide their latest audited financial statements that are not more than 12 months old at the time of application to become an Agent for the purposes of evaluation against the criteria for evaluation of agents' accounts set forth in section 2.

3.2 Applicants will not be approved for accreditation if they fail to meet any of the following:

- (a) A minimum Financial Assessment rating score of 70 or above
- (b) The minimum level of paid-up capital in accordance with section 2.1.
- (c) The minimum level of working capital in accordance with section 2.2.
- (d) Financial Security in accordance with section 4.

Existing Agents

3.3 All existing Agents must provide audited financial statements for each financial year end of that Agent for the purpose of evaluation against the criteria for evaluation of agents' accounts set forth in section 2.

3.4 Audited financial statements must be provided not later than 6 months after the Agent's financial year end.

4. FINANCIAL SECURITY

1.1 Applicants must provide IATA with a Financial Security with a minimum amount of PHP 2.0 million.

1.2 All existing Agents must provide IATA with a Financial Security with a minimum amount of PHP 2.0 million or highest 2 reporting periods net BSP cash sales over the last 12 months, whichever is higher.

In calculating the net BSP cash sales, all USD net sales will be converted to PHP using the latest IATA-5 day rate. If the Financial Security is in USD, then PHP net sales will be converted to USD using the latest IATA-5 day rate.

1.3 Agents who obtained a financial assessment rating score below 70 must increase their Financial Security amount by 50%.