



MEMORANDUM

PAC/Reso/913

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **13 April 2022**

Subject: **MAIL VOTE (A549)**
PAC2 (Mail A549)
Changes to Temporary Local Financial Criteria - Netherlands

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.

The APJC Netherlands took place on 19 January 2022 and evaluated the current market situation. The APJC members unanimously voted, through a mail vote finalized on 10 February 2022 the following temporary changes to be applied for the financial assessment of 2021 annual accounts, which will be performed on 2022.

As of 1 January 2023, the criteria currently [shown](#) in the Travel agent Handbook will be effective again.

Effective Date

The proposed effective date of these changes is 1 June 2022.

Proposed Action

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

The timetable for this Mail Vote is as follows:

Voting Period: 13 April - 27 April 2022

Filing Period: 28 April - 31 May 2022

Effectiveness: 1 June 2022

To cast a vote, Members are asked to access the application from the following link:

<https://forms.office.com/r/mzQjYmfYDw>

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Wednesday, 27 April 2022**. 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.

A handwritten signature in black ink, appearing to read 'J. Rodriguez', written in a cursive style.

Juan Antonio Rodriguez
Director, FDS Operations, GDC

NETHERLANDS

(Effective 1 June 2022 - 31 December 2022, MV/549)

1. GENERAL

All Agents in BSP Netherlands will remit four times per month.
All applicants must deliver a VOG (Certificate of good conduct for Legal entities).

2. CRITERIA FOR EVALUATION OF AGENTS' ACCOUNTS

2.1 Audited Accounts must be provided not later than 6 months following each financial year end of the Agent. IATA agents which are by law subject to auditing requirements, are required to submit their Audited Accounts based on a "controleverklaring". IATA agents which are NOT subject to auditing requirements must submit their Annual Accounts including a "beoordelingsverklaring".

2.2 ~~As of~~ For the financial assessment of 2021 accounts, the following financial criteria will be used: ~~for the financial review of the Agent's annual accounts:~~

2.2.1 The working capital is positive:

Working capital = equity
+ long-term liabilities
- fixed assets

2.2.1 The equity ratio is minimum 12%:

Equity ratio = Equity/Total Accounts

Equity = capital

+ reserves

+ carried over profit/loss

- revalued premiums

2.2.2 The working capital is positive:

Working capital = equity

+ long-term liabilities

- fixed assets

2.2.3 The current ratio or liquidity is minimum 1:

Current ratio = current assets/current liabilities

2.2.4 The profitability is positive.

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

An Agent will obtain a satisfactory result on the financial review when all provisions in 2.2.1-~~2.2.4~~ have been met.

3. ANNUAL FINANCIAL REVIEWS

Applicant

3.1 All applicants must provide Audited Accounts not more than 6 months old at the time of submission to become an Agent for the purposes of evaluation against the financial tests in Section 1 of this Resolution. If an Agent has been in business for less than 12 months at the time of application, an opening balance sheet must be provided instead.

3.2 All applicants must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, during the first two years of accreditation for the purposes of evaluation against the financial tests in Section 2 of these Local Financial Criteria.

3.3 All applicants must provide a Financial Security in accordance with Section 4 of this Local Financial Criteria

Accredited Agents

3.4 All Agents must provide Audited Accounts no later than 6 months after each financial year end, or as required by legislation, of that Agent for the purposes of evaluation against the financial tests in Section 2 of these Local Financial Criteria.

3.5 If an Accredited agent fails to pass any of the financial tests, the Agent must provide a Financial Security in accordance with Section 4 of these Local Financial Criteria.

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 will be expected to be valid for a minimum of at least one 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 up to five days.

4.3.2 "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days, and applying that percentage to the BSP cash turnover, or cash turnover as applicable, amount the Agent made in the three-month period referred to in Section 4.5. and 4.6. of these Local Financial Criteria, as applicable:

Amount of risk = "Days' Sales at Risk" × BSP cash turnover in applicable 3 months period /90

4.3.3 The number of 'Days' Sales at Risk' for sole proprietors will be 21 for remittance four times per month

Applicant

4.4 All Agents must provide a Financial Security with a minimum amount of EUR 50,000 to be accredited.

4.5 After the first three months of accreditation and after the first 12 months of accreditation, the amount of the Financial Security required must cover at a minimum the higher of:

4.5.1 the Amount at Risk calculated as per Section 4.3. of these Local Financial Criteria using the cash turnover amount equal to the average net monthly cash sales of the Agent during the previous three-month period; or

4.5.2 EUR 50,000.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

Accredited Agent

4.6 The amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 4.3. of these Local Financial Criteria

Risk Status A:

For agents with Risk Status A no Financial Security is required

Agents with Risk Status B:

The amount of the Financial Security will be calculated taking the daily average sales based on the 3 months with highest sales within the preceding 12 months, and multiplying by the numbers of days at risk, being 21 days for four times per month remittance and 30 for two times per month remittance. In case of variable remittance the sales weighted average will be calculated accordingly.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

Agents with Risk Status C:

Agents with Risk Status C must provide a Financial Security in accordance with the provisions of Resolution 812 and four times per month remittance will be applied.

If the existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

5. CHANGES IN FINANCIAL YEAR END

5.1 All Agents must notify IATA immediately of a change in its financial year-end.

5.2 The Agent must provide both:

5.2.1 Audited Accounts within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent under these Local Financial Criteria.

5.2.2 Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

6. SIGNIFICANT CHANGE IN GROSS BSP SALES

6.1 An Agent must notify IATA of any significant change as soon as the Agent becomes aware of it. A significant change means any change in the business of the Agent which results in a change in net BSP cash sales of more than 20% as compared to the previous 12 months. A change can be an increase or a decrease in net BSP cash sales.

6.2 An interim Financial Review may also be initiated by IATA where IATA becomes aware of a significant change in gross BSP sales in accordance with Section 3 of these Local Financial Criteria.

DEFINITIONS OF TERMS USED IN THESE GUIDELINES

Adjusted Current Assets—are defined as Current Assets as in the Balance Sheet of the Accounts after deducting:

- Stocks and work in progress,
- Deposits given to third parties other than IATA,
- Loans to Directors, Associate Companies, (including any subsidiary, associate or company under common ownership),
- Doubtful debtors,
- Blocked funds, except for funds held in favour of IATA.

Audited Accounts means the Agent's financial and accounting records and procedures that have been reviewed and certified by an auditor recognized as competent by the regulatory authority in that country to perform an audit that are provided to IATA and which includes the auditor's opinion of those accounts. *Certified accounts will be applicable in those countries where APJCs accept certified accounts according to local law.* In all instances the established accounting rules in a country will apply.

Current Liabilities – are defined as Current Liabilities as in the Balance Sheet of the Accounts.

Profit before Tax – Earnings Before Interest, Taxation, Depreciation and Amortization.