PAKISTAN
(Effective 1 September 2023
April-2020—MV/324)

1. GENERAL RULE

The applicant must have conducted travel agent business for at least twenty-four (24) months having a Government License issued by Department of Tourist Services [DTS], Ministry of Tourism, Government of Pakistan.

If validity of DTS license is less than 24 months, then the applicant should furnish a Recognition Letter (RL) of having worked for at least twenty-four (24) months issued by the Ministry of Religious Affairs (MoRA).

The applicant must have a valid government license issued by the Department of Tourist Services [DTS], Ministry of Tourism, Government of Pakistan.

2. CRITERIA FOR EVALUATION OF AGENTS’ ACCOUNTS

2.1 All financial information used in the financial criteria will be extracted from the Agent’s Audited Accounts prepared by a chartered accountant.

2.2 The following financial tests short term [ST] and long term [LT] apply to the evaluation of an Agent’s Audited Accounts. Failure in 3 or more indicators will be considered as an unsatisfactory result in the Financial Assessment:

2.2.1 There must be positive Net Equity [ST]

2.2.2 Net Equity divided by long-term debt and other long-term liabilities must be greater than 0.5 [LT]

2.2.3 Adjusted Current Assets must exceed Current Liabilities [ST]

2.2.4 Operating result (i.e. Net result (profit/loss) before income tax, before exceptional result (profit/loss) and before financial charges (profit/loss)) must be positive [ST]

2.2.5 Net results must be positive [ST]

2.2.6 Decrease in net income [if any] (i.e. Current FY income/Previous FY income) must not be smaller than 0.75 for the short-term ratio [ST]

2.2.7 Decrease in net income [if any] (i.e. Current FY income/FY 2 years prior income) must not be smaller than 0.75 for the long-term ratio [LT]

2.2.8 Cash Generated by operations (i.e. Profit before tax adjusted for non-cash charges/provisions and working capital changes) must be positive [LT]

2.3 Minimum paid-up Capital/Investment of PKR 5 million for Head Office and PKR 1 million for each Associate Entity.

3. ANNUAL FINANCIAL REVIEWS

All Agents must provide Audited Accounts no later than 12 months after each financial year end, of that agent for the purposes of evaluation against the financial tests in Section 2.

4. INTERIM FINANCIAL REVIEWS

For any Financial Review conducted for cause at a time other than in respect of an Agent’s financial year end, IATA may conduct a Financial Review in accordance with section 3 as applicable to that Agent by reviewing the internal monthly management accounts of the Agent showing the results for each month since the last accounting date, the cumulative results to date and the latest balance sheet.

5. FINANCIAL SECURITY

5.1 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.

5.2 Financial Securities will be subject to a minimum notice period of ninety (90) days and be valid for a minimum of at least one year.

5.3 All Agents/Applicants notwithstanding the Risk Status, must furnish a minimum Financial Security for an existing agent is PKR 7,000,000 or equivalent to the average BSP cash sales over last 12 months, for the number of Days Sales at Risk, whichever is higher.
5.4 For Agents accredited for less than 12 months, the minimum Financial Security/Bank Guarantee will be PKR 10 million.

5.5 At any point in time, 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.

5.6 All Agents/Applicants notwithstanding the Risk Status must at all times provide a Financial Security which will equal their assigned Remittance Holding Capacity. However, an Applicant/Agent may at any time request to reduce or increase the Financial Security amount provided in accordance with Resolution 812 Section 5.9.4.

6. **DEFINITIONS OF TERMS USED IN THESE GUIDELINES**

6.1 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.

These generic descriptions may be modified to terms specifically defined under the applicable local Generally Accepted Accounting Principles (GAAP) and disclosed in the financial statements.

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

6.3 Net Equity or Shareholders'/Owners' Funds – consists of:
- Share capital
- Share premium
- Retained earnings
- Other distributable reserves
- Shareholder's loans if subordinated less declared dividends

6.4 Long-term Debt – All debt liabilities where repayment is due more than twelve months after the end of the financial period.

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