MEMORANDUM
PAC/RESO/1016

To: All Members, Passenger Agency Conference
   Accredited Representatives

From: Director, FDS Operations, GDC

Date: 31 October 2023

Subject: MAIL VOTE (A647)
          PAC2 (Mail A647)
          CHANGES IN LOCAL FINANCIAL CRITERIA-MOROCCAN LAW 11-16

Background Information

Morocco APJC met on 7 September 2023 to discuss about changes in the local financial criteria.
Moroccan Law 11-16 indicates that the new agency classification observes a difference between agents
Createur and Distributeur. Also known as Type A and Type B. APJC Members agreed that only agents with type
A can get the accreditation.

A quorum was present. The council consists of 6 Airlines and 6 Agents, 4 airlines and 4 agents were present.
APJC members voted unanimously.

Effective Date

The proposed effective date of these changes is the earliest date: 1 January 2024.

Proposed Action

Conference to adopt the change to the Local Financial Criteria as shown in Attachment ‘A’.

The timetable for this Mail Vote is as follows:
Voting Period: 31 Oct - 15 Nov 2023
Filing Period: 16 Nov – 30 Nov 2023
Effectiveness: 1 Jan 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, 15 November 2023. 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. GENERAL RULES

1.1 License: A permanent license to trade as a travel agency issued by the Ministry of Tourism is required. Only Licenses A are accepted for accreditation.

2. ANNUAL FINANCIAL REVIEW

2.1 The Applicant/Agent must provide current Financial Statements, including Balance Sheet, Profit and Loss account and attachments, further to the local legislation. With the acknowledgment receipt from the taxes authorities no later than 6 months after each financial year end, or as required by legislation, of that Agent for purposes of evaluation against the financial tests in this criteria.

2.2 If the Agent has been in business for less than 12 months at the time of application, an Opening Balance sheet must be provided instead.

3. CRITERIA FOR EVALUATION OF AGENTS’ ACCOUNTS

3.1 Ratios and Criteria:

3.1.1 Exceptionally for the financial assessment of the 2020 financial year:

3.1.1.1 IATA will not perform the assessment of the 2020 financial statements and there will be no financial review result based on these statements.

• The results of the previous assessment of 2019 accounts will be used for the 2020 accounts
• Travel Agents will submit to IATA their 2020 annual accounts as per usual deadline.
• Agents can voluntarily request the evaluation of their 2020 annual accounts against the financial tests in sections 3.1.2 and 3.1.3 of the Local Financial Criteria.

- Ratios for review:

<table>
<thead>
<tr>
<th>#</th>
<th>Name of ratio</th>
<th>Formula</th>
<th>Condition</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net Equity</td>
<td>Net Equity</td>
<td>Must &gt; Zero (Positive)</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Operating Profitability</td>
<td>Operating Profitability</td>
<td>Must &gt; Zero (positive)</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Earning before tax (Resultat courant avant impots)</td>
<td>Earning before tax (Resultat courant avant impots)</td>
<td>Must &gt; Zero (positive)</td>
<td>3.5</td>
</tr>
<tr>
<td>4</td>
<td>Current assets (including Cash &amp; Short term investments) / current liabilities</td>
<td>Current assets (including Cash &amp; Short term investments) / current liabilities</td>
<td>Must &gt;= 0.75 If &gt; 1 (Additional bonus) 3.5 points</td>
<td>10.5</td>
</tr>
<tr>
<td>5</td>
<td>Legal form</td>
<td>If “SNC” ?</td>
<td>0 points</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>If liability company</td>
<td>14 points</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Capital Minimum</td>
<td>If SARL &gt;= 100,000 DH</td>
<td>14 points</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>If SA &gt;= 300,000 DH</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Long Term Ratios:

<table>
<thead>
<tr>
<th>#</th>
<th>Name of ratio</th>
<th>Formula</th>
<th>Condition</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Decrease in BSP net annual sales (total current year against total of previous year)</td>
<td>If &lt;20 %</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Current assets (including Cash &amp; Short-term investments) / current liabilities</td>
<td>Current assets (including Cash &amp; Short-term investments) / current liabilities</td>
<td>Must &gt;= 1</td>
<td>4.5</td>
</tr>
<tr>
<td>3</td>
<td>Net Cash Position</td>
<td>Cash balance including short term investment -</td>
<td>Must &gt;= Zero (not Negative)</td>
<td>4.5</td>
</tr>
</tbody>
</table>
### 4. FINANCIAL SECURITY

#### 4.1 Minimum Financial Security:

4.1.1 All Agents must provide a Financial Security, with a minimum amount of MAD 500,000 during the first two (2) years as IATA accredited Agent.

4.1.2 For agents that fails the annual review and are existing for more than 2 years: 300,000 MAD and must be valid for a minimum of 1 year.

#### 4.2 Financial Security calculation:

4.2.1 The Amount of Financial Security should cover the amount at risk

4.2.2 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.

<table>
<thead>
<tr>
<th>Remittance Frequency</th>
<th>Days’ Sales at Risk</th>
<th>Days in reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two times per month</td>
<td>35</td>
<td>16</td>
</tr>
<tr>
<td>Four times per month (VMFR)</td>
<td>21</td>
<td>8</td>
</tr>
</tbody>
</table>

4.2.3 “Amount at Risk” is calculated as following:

\[
\text{Amount at Risk} = \frac{\text{Days’ Sales at Risk} \times \text{BSP cash turnover in applicable 3 highest reporting periods}}{\text{Days in reporting period} \times 3}
\]

#### 5. DEFINITIONS

- **Net Cash Position**: Cash balance including short term investment - short term financial debt (tresorie passif)
- **Trade Receivables**: All sales not paid by customers for all business (defined in the financial statement as “Comptes Clients”)
- **Annual Net total Sales**: sales from all line of business
– Trade Payables: All debt not paid by agent to suppliers for all business (defined in the financial statement as “Comptes Fournisseurs”)

– Annual operating cost: all cost for all line of business, defined in financial Statement as “cout ou charge d'exploitations”

– Permanent Financing: net equity + long term loan

– Earning before tax is in French Resultat courant avant impots

i. Agents must provide a Financial Security according to point 3.2 of these criteria.