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

1.1 Financial Statements:
- Certified, audited current Balance Sheet reflecting the financial position of the Agency,
- Bank and/or Credit Report covering 3 months preceding the date of the Balance Sheet,
- Profit and Loss statement,
- must not be older than six months at the time of submission,
- must be certified, notarized, and signed by an external or internal public accountant.

2. CRITERIA FOR THE EVALUATION OF AGENTS’ ACCOUNTS

2.1 Financial statements must reflect the equivalent of USD 15,000 10,000 in working capital (the difference between total current assets over total current liabilities) to the financial accounts of 2023. Working capital will increase to USD 25,000 starting with the 2024 financial year-end. Additionally, for each Branch Office Location, the Agency would be required to have a further USD 7,500 in working capital.

2.2 Financial Statements will be evaluated against ratio tests. The financial ratio analysis is measured by the application of five ratio tests against which points are allocated. A maximum of 44 points may be attained. For the financial results to be considered satisfactory, a minimum of 22 points must be scored.

2.2.1 Ratio Tests used and the maximum number of points obtainable per ratio test:

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Points</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity ratio</td>
<td>14</td>
<td>A measure of the short-term solvency of the entity</td>
</tr>
<tr>
<td>Debt ratio</td>
<td>14</td>
<td>Amount of assets provided by creditors for each dollar of total assets</td>
</tr>
<tr>
<td>Turnover ratio</td>
<td>7</td>
<td>The average number of days to collect a receivable</td>
</tr>
<tr>
<td>Cash flow ratio</td>
<td>5</td>
<td>Level of debt versus profits</td>
</tr>
<tr>
<td>Risk History</td>
<td>4</td>
<td>Amount of Risk Events in the Agency’s history</td>
</tr>
</tbody>
</table>

2.2.2 Scale of Points per Ratio Test:

**Liquidity Ratio** = \( \frac{\text{Current Assets}}{\text{Current Liabilities}} \)

<table>
<thead>
<tr>
<th>Liquidity Ratio</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 1.99</td>
<td>14 points</td>
</tr>
<tr>
<td>1.50 – 1.99</td>
<td>12 points</td>
</tr>
<tr>
<td>1.25 – 1.49</td>
<td>10 points</td>
</tr>
<tr>
<td>1.00 – 1.24</td>
<td>8 points</td>
</tr>
<tr>
<td>0.96 – 0.99</td>
<td>6 points</td>
</tr>
<tr>
<td>0.91 – 0.95</td>
<td>4 points</td>
</tr>
<tr>
<td>0.86 – 0.90</td>
<td>2 points</td>
</tr>
<tr>
<td>under 0.86</td>
<td>0 points</td>
</tr>
</tbody>
</table>

**Turnover Ratio** = \( \frac{\text{Net Receivables}}{\text{Total Sales}} \)

<table>
<thead>
<tr>
<th>Turnover Ratio</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 15 days</td>
<td>7 points</td>
</tr>
</tbody>
</table>
15 – 16 days    6 points
17 – 18 days    5 points
19 – 20 days    4 points
21 – 23 days    3 points
24 – 26 days    2 points
27 – 29 days    1 point
Over 29 days    0 points

**Debt Ratio** =  \[
\frac{\text{Total Liabilities}}{\text{Total Assets}}
\]

Under 0.4        14 points
0.4 – 0.59       12 points
0.6 – 0.89       10 points
0.9 – 0.99       8 points
1.0 – 1.19       6 points
1.2 – 1.34       4 points
1.35 – 1.49      2 points
over 1.49        0 points

**Cash Flow Ratio** =  \[
\frac{\text{Profit After Tax}}{\text{Long-term Liabilities}}
\]

0.20             5 points
0.18             4 points
0.15             3 points
0.13             2 points
0.10             1 point
under 0.10       0 points

**Risk History** = number of risk event in the financial year

0 Events         4 points
1 Maximum Event Per Financial Year  2 points
2 or More Events per Financial Year  0 points

### 3. Annual Financial Reviews

3.1 All Agents are subject to annual financial reviews. Details are described in Resolution 812, Section 5.4

### 4. Financial Security

4.1 Financial Securities will be requested based on the Risk Status of the Agent as described in Resolution 812, Section 5.5:

4.1.1 Agents with Risk Status A – are not required to present a financial security

4.1.2 Agents with Risk Status B – will be required to present a financial security

4.1.3 Agents with Risk Status C – will be required to present a financial security

4.2 New Applicants will be required to provide a minimum Financial Security of USD 35,000 (or the equivalent in local currency).

4.3 When Accredited Agents are required to provide a Financial Security, the Financial Security will be calculated based on the Agents’ own Day’s Sales at Risk. Days Sales at Risk is calculated based on the number of days in the reporting period plus the number of days to remittance date plus a margin of 5 days, the result is then
multiplied by the daily average BSP net cash sales of the Agent’s previous 12 months’ sales or a minimum Financial Security equivalent to USD5,000, whichever is higher.

4.4 Duration of guarantee Financial Security:
  - Two-years minimum for a New Applicant
  - One-year minimum for Accredited Agents

5. FINANCIAL INFORMATION DEFINITIONS

**Current Assets**
This amount excludes notes or receivables from related parties, including shareholders, employees, officers, associates, and Cash and Term Deposits pledged for security.

**Current Liabilities**
This amount must include the current portion of long-term debt.

**Gross or Total Sales**
In the event this figure is not specifically identified in the financial statements, please provide the gross sales figures for the period, including ticket sales, package tours, hotels, car rental, insurance, miscellaneous income, etc., net of tax.

**Long-term Liabilities**
All long-term loans from third parties. It does not include non-current loans provided by shareholders or proprietors.

**Net Receivables**
This amount should be net of bad debt and should be broken down to reflect separately:
  - Trade receivables net of provision for bad debt
  - Commissions receivable
  - Receivables from related parties. Refer to the definition of current assets
  - Supplier deposits

**Profit After Tax**
Profit after taxes but before extraordinary items.

**Total Assets**
Total assets, including intangible assets such as goodwill, franchise fees, client lists, etc.

**Total Liabilities**
Include current liabilities and all loans from third parties. It does not include non-current loans provided by shareholders or proprietors. Loans from associate parties are included unless subordinated to other parties.

**Certified Financial Statements**
Prepared and signed by an internal or external Certified Public Accountant in accordance with local accounting practices.