



MEMORANDUM

PAC/Reso/923

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **13 April 2022**

Subject: **MAIL VOTE (A559)**
PAC2 (Mail A559)
Editorial Changes to Temporary Local Financial Criteria - Lithuania

Background Information

While reviewing the Local Financial Criteria to complete the Travel Agency Handbook for 2022 we have detected an editorial error in both temporary and permanent Local Financial Criteria of Lithuania.

After the point **3.7** it was listed 3.9 instead of **3.8**. See changes below:

~~3.9~~ **3.8** Notwithstanding the above provisions, Agents who fail to present Audited financial statements will have the financial review result FAIL/UNSATISFACTORY and will need to provide Financial Security in accordance with Resolution 812, regardless of the result of the financial tests in section 2 of these criteria. Such Financial Security will be kept by IATA until an assessment is performed on the Agent's Audited financial statements and the outcome is satisfactory, and the Agent meets other provisions of Resolution 812.

We propose PACConf to endorse the editorial amendment to the temporary and permanent Local Financial Criteria applicable to Lithuania.

Effective Date

The proposed effective date of these changes is 1 June 2022

Proposed Action

Conference to adopt the editorial changes to the temporary and permanent Local Financial Criteria as shown in Attachment 'A' and 'B' respectively.

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

LITHUANIA

(Effective 1 December 2021 – 30 November 2022, MV/483 & MV/559)

1. GENERAL RULE

All IATA Accredited Agents must remit four (4) times per month.

The financial standing of Applicants and IATA Accredited Agents in Lithuania is evaluated by a financial assessor appointed by IATA.

2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS

Applicants

Financial statements must show a positive balance of current assets over current liabilities.

Existing Agents

2.1 Profitability

An Agent is required to show profit before tax at the end of the financial year.

However, a loss in a particular year will not result in negative financial standing for established IATA agents with at least three full years as accredited agent and if the outcome of the 2020 and 2019 financial reviews was satisfactory.

2.2 Equity Capital

Rate of solidity = $\frac{\text{Equity capital}}{\text{Total capital}}$ = min 6%

2.3 Solvency

Rate of liquidity = $\frac{\text{Current assets}}{\text{Current liabilities}}$ = min 1.0

2.4 The financial review result will be considered as PASS/SATISFACTORY when the financial tests in sections 2.1-2.3 are met

3. ANNUAL FINANCIAL REVIEWS

New Applicants

3.1 New Applicants must submit independently audited balance sheet and profit and loss accounts.

3.2 The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

3.3 The financial statements must not be older than 6 months at the time of submission to IATA.

3.4 IATA has the right to request the annual report including balance sheet and profit and loss accounts in original.

3.5 New Applicants which have been established as a company for less than one year must submit a copy of a certified opening balance sheet.

Existing Agents

3.6 Accredited Agents must provide IATA with a copy of their audited balance sheet and profit and loss Accounts in accordance with the time frame for filling reports required by the local authorities (currently 6 months after financial year-end).

3.7 The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

~~3.9~~ **3.8** Notwithstanding the above provisions, Agents who fail to present Audited financial statements will have the financial review result FAIL/UNSATISFACTORY and will need to provide Financial Security in accordance with Resolution 812, regardless of the result of the financial tests in section 2 of these criteria. Such Financial Security will be kept by IATA until an assessment is performed on the Agent's Audited financial statements and the outcome is satisfactory, and the Agent meets other provisions of Resolution 812.

4. FINANCIAL SECURITY

Financial Securities must be drafted in the English language, using a standard text provided by IATA.

4.1. Amount of Financial Security required

All Agents must provide Financial Security for the minimum amount of EUR 29,000 during the first two (2) years as IATA accredited Agent.

4.1.1 Other than Applicants

The amount of the Financial Security for Agents that have been IATA accredited for more than two (2) years will be calculated using the provisions in sections 4.1.1.1-4.1.1.3:

4.1.1.1 Agents with Risk Status A

For Agents with Risk Status A no Financial Security is required.

4.1.1.2 Agents with Risk Status B

For Agents with Risk Status B the amount of the Financial Security required must cover at a minimum five point three per cent (5,3%) of the calculated annual average cash sales or EUR 29,000, whichever is the higher.

4.1.1.3 Agents with Risk Status C

Agents with Risk Status C must provide a Financial Security in accordance with the provisions of Resolution 812, with a minimum amount of EUR 29,000.

LITHUANIA

(Effective from 1 September 2018 – MV/292 & MV/559)

1. GENERAL RULE

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2. CRITERIA FOR THE EVALUATION OF AGENTS' ACCOUNTS

Applicants

Financial statements must show a positive balance of current assets over current liabilities.

Existing Agents

2.1 Profitability

An Agent is required to show profit before tax at the end of the financial year.

2.2 Equity Capital

$$\text{Rate of solidity} = \frac{\text{Equity Capital}}{\text{Total Capital}} = \text{min } 6\%$$

2.3 Solvency

$$\text{Rate of liquidity} = \frac{\text{Current assets}}{\text{Current liabilities}} = \text{min } 1.0$$

2.4 The financial review result will be considered as PASS/SATISFACTORY when the financial tests in sections 2.1-2.3 are met.

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3.5 New Applicants which have been established as a company for less than one year must submit a copy of a certified opening balance sheet.

Existing Agents

3.6 Accredited Agents must provide IATA with a copy of their audited balance sheet and profit and loss Accounts in accordance with the time frame for filling reports required by the local authorities (currently 6 months after financial year-end).

3.7 The financial statements must be produced by a nationally approved Public Auditor in accordance with International Accounting Standards.

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4.1.1.1 Agents with Risk Status A

For Agents with Risk Status A no Financial Security is required.

4.1.1.2 Agents with Risk Status B

For Agents with Risk Status B the amount of the Financial Security required must cover at a minimum five point three per cent (5,3%) of the calculated annual average cash sales or EUR 29,000, whichever is the higher.

4.1.1.3 Agents with Risk Status C

Agents with Risk Status C must provide a Financial Security in accordance with the provisions of Resolution 812, with a minimum amount of EUR 29,000.