



MEMORANDUM

PAC/Reso/916

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **13 April 2022**

Subject: **MAIL VOTE (A552)**
PAC2 (Mail A552)
Temporary Local Financial Criteria - Croatia

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.

APJC Croatia mail vote session took place between the 15 and the 16 February 2022 and unanimously decided to vote in favour of extending the current temporary local financial criteria. To be applicable starting with the 1 June 2022 until the 31 August 2022.

Temporary Annex no 1 to the existing Local Financial Criteria stated in IATA Travel Agent's Handbook, Section 3 (LFC), is established as such:

- IATA Travel Agents will submit their 2021 annual financial statements according to IATA instructions. However, IATA will not perform the financial evaluation and there will be no financial review result based on these statements. The results of the 2019 assessment will be used for the 2021 accounts.
- These measures will be valid for the assessment of the 2021 accounts.
- The provisions of the current document will cease validity on the 31 August 2022.
- APJC Croatia will monitor the situation and review the need to continue or discontinue these measures.

Effective Date

The proposed effective date of these changes is 1 June 2022

Proposed Action

Conference to adopt the temporary changes to the 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

CROATIA

(Effective June 2022 until 31 August 2022, MV/552)

FINANCIAL EVALUATION CRITERIA

New Applicants

New Applicants will be required to provide a bank guarantee corresponding to an estimated 23 days' worth of BSP net cash sales. The minimum amount of the bank guarantee is 25.000 EUR. If the average amount of 23 days' worth of BSP net cash sales increases, the amount of the bank guarantee must be increased to cover, at a minimum, the increased amount.

Existing IATA Accredited Agents

~~Financial evaluation for current agents in Croatia will be performed yearly. All IATA accredited agents must submit the documents listed below. After the analysis of submitted financial documents, the agents will be qualified as „normal risk agents“ or „high risk agents“.~~

~~An existing „normal risk“ or „high risk“ agent must comply with the following elements:~~

~~1. Net profit in the accounting period~~

~~However, a loss in the accounting period will not result in a negative financial standing if the outcome of the two (2) previous financial reviews was satisfactory.~~

~~2. No blocked periods for the current accounts in the last 12 months~~

~~3. No Notices of Irregularity for overdue/dishonored remittances in the last 12 months~~

~~4. Short time liquidity coefficient:~~

~~$$\frac{\text{Current assets} - \text{long term business claims}}{\text{Short term financial and business liabilities}} \geq 1$$~~

~~If the Agent fully complies with the criteria set under 1, 2, and 3, short-term liquidity coefficient between 0,75 and 1 is acceptable.~~

~~The financial review result will be considered as PASS/SATISFACTORY when all financial criteria in sections 1-4. are met.~~

DOCUMENTATION

An Agent who applies for IATA accreditation should provide the following documentation:

1. Excerpt from the registry of the Commercial Court
2. Opening balance sheet for the agents who have just started their business in the current calendar year
3. Current balance sheet – not older than 6 months, original or copy with signature and stamp of an independent third party Certified Public Accountant (stamp of the Financial Agency FINA is acceptable)
4. BON-2

An Agent must bear the cost of the provision of all financial documents.

An existing Agent who is subject to a financial assessment:

1. Current balance sheet – not older than 6 months, original or copy with signature and stamp of an independent third party Certified Public Accountant (stamp of the Financial Agency FINA is acceptable)
2. BON-2

An Agent must bear the cost of the provision of all financial documents.

FINANCIAL SECURITY

Bank Guarantees

Agents will be required to provide a bank guarantee based on 23 days' average turnover, based on BSP net cash sales, during the last 4 quarters (12 consecutive months) according to the rules below:

1. New applicants will be required to provide bank guarantee of 25,000 EUR.
2. Agents with average turnover between **0 EUR** and **40.000 EUR** in period of 35 days will be required to provide a bank guarantee of 25.000 EUR.
3. Agents with average turnover between **40.001 EUR** and **100.000 EUR** will be required to provide a bank guarantee that covers 50% of their 23 day turnover but with the minimum amount of 25.000 EUR.
4. Agents with average turnover between **100.001 EUR** and **200.000 EUR** will be required to provide a bank guarantee that covers 40% of their 23 day turnover but with the minimum amount of 50.000 EUR.
5. Agents with average turnover over **200.001 EUR** will be required to provide a bank guarantee that covers 30% of their 23 day turnover but with the minimum amount of 80.000 EUR.

Due to the fact that the only BSP currency is the local one (HRK) and that bank guarantee amounts are provided in EUR currency, the exchange rate applied will be HNB (Croatian National Bank) official middle rate valid on the date when the request from IATA for the new bank guarantee amount is sent to the agent.

The bank guarantee amount will be rounded to the nearest 1.000 EUR above the amount resulting from the calculation.

Procedure in case of Agent's increased/decreased turnover

New bank guarantee will be requested only in case when the amount of the existing bank guarantee must be changed (increased/decreased) for more than 10.000,00 EUR.

Definition of the 'high risk agent'

- Default in last 12 months
- Notice of Irregularity in last 12 months
- Unsatisfactory 'Financial Assessment' annual report

IATA actions related to the 'high risk agent'

Depending on the specific case the bank guarantee must be increased according to the table below:

Reason:	Bank guarantee increase:
Default in last 12 months	100% of average 23 days turnover (min. 25.000 EUR)
Notice of Irregularity in last 12 months	25%

Unsatisfactory annual Financial Assessment Report 50% of average 23 days turnover (min. 25.000 EUR)

(for the Agent with average 23 days Turnover <25.000 EUR)

Bank guarantee amount must not exceed 100% of average 23 days turnover. If more than one case applies only one, the highest, increase will be applied.

Post default procedure

In case of Agent's default, bank guarantee will be based on 100% of average 23 days' turnover (minimum 25.000 EUR).

If an Agent shows full compliance to the Remittance/Settlement rules for a period of one year after reinstatement as an Agent, such an Agent is entitled to request a new calculation of the bank guarantee amount in order to decrease it according to the rules described in the section 'Bank guarantees'.

TEMPORARY AMENDMENTS TO LOCAL FINANCIAL CRITERIA

1. IATA Travel Agents will submit their 2021 annual financial statements according to IATA instructions. However, IATA will not perform the financial evaluation and there will be no financial review result based on these statements. The results of the 2019 assessment will be used for the 2021 accounts.
2. These measures will be valid for the assessment of the 2021 accounts.
3. The provisions of the current document will cease validity on the 31st of August 2022.
4. APJC Croatia will monitor the situation and review the need to continue or discontinue these measures.