1. GENERAL RULE

1.1 Documents required for New Applicants

New Applications will only be accepted from entities that:
- Have one year trading history

The following documents are required:
1. Balance sheet, Cash Flow and Profit & Loss account duly certified by an outside certified accountant covering the 12 months period prior to application submission.
2. Statements of sales, verified by airlines or IATA agencies.
3. Tax Office Certificate (Удостоверение за липса на задължения и данъци) showing that at the time of the application the agent has no outstanding payments to the State.

1.2 Documents required for existing Agents

Financial evaluation of existing Agents against the criteria in Section 2 is performed by IATA on an annual basis. The following documents, submitted electronically no later than 6 months after each financial year end, are required:
1. Balance Sheet for the past financial year prepared according to the National Tax and Accounting standards and duly certified by a certified accountant.
2. Tax Office Certificate (Удостоверение за липса на задължения и данъци) issued after the end of the financial year in review.

Such action can be requested only by IATA office and conclusions of such review will be treated in a strictly confidential way.

2. CRITERIA FOR THE EVALUATION OF AGENTS’ ACCOUNTS

The established criteria for financial evaluation of new and existing Agents are:
1. Rate of Liquidity = Current Assets/Current Liabilities, must be greater than 1.2.
2. Rate of Solvency = Total Capital (Общо Собствен Капитал)/Total Liabilities (Общо задължения), must be greater than 0.5.
3. Net equity = Total assets – Total Liabilities, must be greater than 0
4. Agent has had no outstanding payments to the State for the past financial year

An Applicant/Agent will pass the Financial Review if all the above financial tests are met.

3. FINANCIAL SECURITY

3.1 General Principles

An Agent will not be accredited or will not continue to be accredited until any Financial Security required is 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.

3.2 Sales At Risk

For each Agent IATA individually determines the “Sales At Risk” using the following formula:

3.2.1 For Agents within their 6 months of operation as IATA Accredited Agent:

\[
\text{“Sales At Risk”} = \left(\frac{\text{“Days’ Sales at Risk”} \times \text{Estimation of annual sales as per the Statement of Sales}}{360}\right)
\]
3.2.2 For Agents between their 6 and 12 months of operation as IATA Accredited Agent:

\[ \text{"Sales At Risk"} = \text{"Days' Sales at Risk"} \times \text{BSP Cash Turnover in the latest 6 months period} \]

\[ \frac{180}{180} \]

3.2.3 For Agents after their 12 months of operation as IATA Accredited Agent:

\[ \text{"Sales At Risk"} = \text{"Days' Sales at Risk"} \times \text{BSP Cash Turnover in the latest 12 months period} \]

\[ \frac{360}{360} \]

- Days’ Sales at Risk, applicable to the formula above, are 20.

- Days’ Sales at Risk: 7 days billing period + 8 days from the end of billing period to remittance day + 5 days until Default declaration = 20 days.

3.3 Level of Financial Security

3.3.1 All Agents, during the first two (2) years as an IATA Accredited Agent, must provide a Financial Security covering the amount at risk as defined in 3.2 above, but not less than BGN 30,000.

3.3.2 Existing Agents

3.3.2.1 Agents with Risk Status A

- Agents with Risk Status A are required to provide a Financial Security covering 30% of their Amount at Risk calculated as per Section 3.2.3, or BGN 30,000, whichever is higher.

3.3.2.2 Agents with Risk Status B

- Agents with Risk Status B are required to provide a Financial Security covering 100% of their Amount at Risk calculated as per Section 3.2.3, or BGN 30,000, whichever is higher.

3.3.2.3 Agents with Risk Status C

- Agents with Risk Status C are required to provide a Financial Security covering 100% of their Amount at Risk calculated as per Section 3.2.3, or BGN 30,000, whichever is higher.

3.3.3 If an 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.