

CHANGES TO LOCAL FINANCIAL CRITERIA LITHUANIA

Submitted by APJC Lithuania

Background Information

Following the meetings of PAPGJC/48 and PSG/129 held in March 2023, the APJCs were invited to review the period between the Reporting Date and the Remittance Date and to align it with Resolution 812, paragraphs 6.5.3.5 and 6.5.3.6.

APJC Lithuania met on 12 March 2024 and agreed to reduce this period from 7 calendar days to 5 working days for the remittance frequency Four times per month, thereby aligning it with the provision of the Resolution 812, paragraph 6.5.3.5(a).

Furthermore, APJC Lithuania agreed to reduce the number of Days' Sales at Risk for the purpose of calculating the amount of the Financial Security. Paragraph 4.1.1.2 of the Local Financial Criteria has been amended to reflect the new calculation of the Financial Security for Risk Status B Agents as shown below.

(Extract of Local Financial Criteria below)

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 (5.3%)~~ four point seven per cent (4.7%) of the calculated annual average cash sales or EUR 29,000, whichever is the higher.

APJC Lithuania voted unanimously in favor of these changes.

The proposed effective date for these changes is 1 January 2025.

Proposed Action

Conference to adopt the changes to the Local Financial Criteria and the period between the Reporting Date to Remittance Date as shown in Attachments 'A' and 'B'.

LITHUANIA

(Effective from 1 ~~September 2022~~ **January 2025** – MV/577)

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.

2.2 Equity Capital

Equity capital = Total Equity / Total Assets = 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.

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.

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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 filing 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 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 a 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 (5.3%)~~ four point seven per cent (4.7%) 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.

Resolution 812

Attachment 'I'

Operation	Frequency	Number of Days in a Sales Period	End of Sales Period to Remittance Date	Note
Lithuania	Four times per Month	Refer to BSP Calendar	7 <u>5</u>	If the remittance frequency so established is four times monthly, Remittances shall be made so as to reach the Clearing Bank not later than its close of business on the 7th calendar day from the Reporting Date.