



ASSEMBLY – 39TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 54: Disposition of cash surplus/deficit

DISPOSITION OF CASH SURPLUS/DEFICIT

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This working paper reports to the Assembly on the status of cash surplus/deficit. Financial Regulation 6.2 designates cash surplus and how the balance shall be disposed of in the manner to be decided by the Assembly. Financial Regulation 6.3 indicates how a deficit may be financed at the end of the year prior to the year in which the Assembly is held, such deficit may be assessed on Member States by the Assembly.

As at 31 December 2015, there was a cash deficit of CAD 14.6 million as shown in the table provided in the draft Assembly working paper. Prior to 2013, The cash deficit of CAD 8.5 million originated mainly from shortages of miscellaneous income versus budgeted amounts (approximately CAD 3.1 million over three years) and initial transition to International Public Sector Accounting Standards (IPSAS) (approximately CAD 3.2 million). The increase of CAD 6.1 million in cash deficit from 2012 to 2015 is mainly due to an increase of CAD 4.9 million in assessments receivable. Hence there is no cash surplus available for distribution as per Financial Regulation 6.2 and Resolving Clauses 2 and 3 of the Assembly Resolution A26-23. The deficit as at 31 December 2015 is considered to be temporary and may be eliminated by the immediate payment of all assessments in arrears by Member States. Therefore, it is not proposed to the Assembly to assess Member States for the deficit as per Financial Regulation 6.3.

Action: The Assembly is invited to:

- a) note the cash deficit position as at 31 December 2015; and
- b) consider that there is no need to assess Member States to finance the deficit.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategy - Management and Administration: Budget and Financial Management.
<i>Financial implications:</i>	Not applicable.
<i>References:</i>	Doc 10022, <i>Assembly Resolutions in Force</i> (as at 4 October 2013) Doc 7515, <i>The ICAO Financial Regulations</i>

1. INTRODUCTION

1.1 This working paper is presented to the Assembly informing of the balance of cash surplus and the Council's recommendation as to the distribution of the cash surplus in accordance with Financial Regulation 6.2 and Assembly Resolution A26-23. It provides information on the status of the cash surplus as at 31 December 2015 and shows that there is no surplus available for distribution but rather a deficit as at that date.

2. CASH DEFICIT POSITION

2.1 As at 31 December 2015, the Organization had a cash deficit of approximately CAD 14.6 million, and there is no cash surplus available for distribution under Financial Regulation 6.2 and Assembly Resolution A26-23. As at 31 December 2015, there was a cash deficit of CAD 14.6 million as shown in the table provided in the draft Assembly working paper. Prior to 2013, the cash deficit of CAD 8.5 million originated mainly from shortages of miscellaneous income versus budgeted amounts (approximately CAD 3.1 million over three years) and initial transition to International Public Sector Accounting Standards (IPSAS) (approximately CAD 3.2 million). The increase of CAD 6.1 million in cash deficit from 2012 to 2015 is mainly due to an increase of CAD 4.9 million in assessments receivable. The amount of the deficit is considered to be temporary and may be eliminated by the immediate payment of all assessments in arrears by Member States. Accordingly, it is not recommended to assess the Member States to finance the deficit.

2.2 The accumulated surplus/deficit is summarized as follows:

Balance at 31 December of: (in thousands of Canadian dollars)	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cumulative Surplus	(1 241)	(1 576)	3 288
Less: Assessed contributions receivable from Member States	<u>(23 138)</u>	<u>(14 739)</u>	<u>(17 901)</u>
Cash Surplus (Deficit)	<u>(24 379)</u>	<u>(16 315)</u>	<u>(14 613)</u>

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