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WORKING PAPER

INTERNATIONAL CIVIL AVIATION ORGANIZATION

ASSEMBLY - 32ND SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 38: Financial Questions
Agenda Item 38.5: Disposition of cash surplus

DISPOSITION OF CASH SURPLUS

SUMMARY

This paper deals with the disposition of the available cash surplus and recommends that after distribution of surplus under the incentive scheme, the balance of cash surplus be used to fund the increase in the level of the Working Capital Fund and finance the Universal Safety Oversight Audit Programme with the remainder to be distributed as credits to Contracting States.

Action by the Assembly is in paragraph 6.

1. Financial Regulation 6.2 states that, "To the extent that the total income actually collected under a), b), c) and d) of Regulation 6.1 and contributions in arrears actually collected in a given financial year exceed the obligations, including unliquidated obligations, of that year, this surplus shall be designated a cash surplus. The cash surplus may be used to meet obligations. Any balance of cash surplus at the end of the year prior to the year in which the Assembly is held shall be disposed of in the manner to be decided by the Assembly, this balance having been adjusted to become the difference between total surplus shown in the financial statements under balance of funds and assessments receivable from Contracting States."

2. At 31 December 1997, the cash surplus available for distribution amounted to $ 11 331 278.

3. Assembly Resolution A26-23 provides "that a scheme of incentives be implemented effective 1 January 1987 to encourage timely payment of assessed contributions, whereby amounts of realized surplus* in each of the three financial years preceding the year of the Assembly, up to a maximum equivalent to the Organization's interest earnings on investments in each of these years would be distributed to Contracting States according to a weighted scale on the basis of the dates and amounts of current year contributions paid-in as well as the share of undistributed surpluses accrued from previous years' budgets".

(2 pages)

* Replaced by cash surplus effective 1 January 1993.

4. Interest earnings on investments of $ 347 000 for 1996 and $ 729 000 for 1997 are determined for distribution to Contracting States on 1 January 1999 under the incentive scheme to be funded from the available cash surplus. No amount was available for distribution for 1995 under the incentive scheme as there was no cash surplus available since at 31 December 1995 assessments receivable from Contracting States exceeded total surplus. Accordingly, the total amount for distribution under the incentive scheme is $ 1 076 000.

5. After distribution from the total cash surplus at 31 December 1997, the balance of $ 804 092 under Assembly Resolution A31-24 as credits to Contracting States, and the retention of $ 12 661 of prior surplus distribution which remains undistributed as the States which are entitled to the surplus have not paid their contributions for the financial year for which the surplus had been determined, the cash surplus available for distribution amounts to $ 10 514 525.

ACTION BY THE ASSEMBLY

6. The Council invites the Assembly to approve the distribution of the balance of cash surplus as follows:

a) $ 1 076 000 on 1 January 1999 as credits to Contracting States under the incentive scheme in accordance with Assembly Resolution A26-23;

b) $________, $________ and $________ to be transferred to the Universal Safety Oversight Audit Programme on 1 January 1999, 1 January 2000 and 1 January 2001, respectively;

c) $ 2 000 000 on 1 January 1999 as credits toward assessed advances to the Working Capital fund; and

d) the balance of $________ as credits to Contracting States on 1 January 1999.

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