



International Civil Aviation Organization

WORKING PAPER

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ASSEMBLY – 41ST SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 50: Disposition of cash surplus/deficit

DISPOSITION OF CASH SURPLUS/DEFICIT

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

Pursuant to Financial Regulations 6.2 and 6.3, this working paper reports to the Assembly on the status of cash surplus/deficit.

As at 31 December 2021, there was a cash deficit of CAD 11.0 million, as shown in the table provided in this working paper. In light of the deficit, no cash surplus is available for distribution, as per Financial Regulation 6.2 and Resolving Clauses 2 and 3 of Assembly Resolution A26-23. The deficit as at 31 December 2021 is considered to be temporary and may be eliminated by the immediate payment of 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:

- 1) note the cash position as at 31 December 2021; and
- 2) consider that there is no need to assess Member States to finance the deficit.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Strategy - Management and Administration: Budget and Financial Management.
<i>Financial implications:</i>	Not applicable.
<i>References:</i>	Doc 10140, <i>Assembly Resolutions in Force</i> (as at 4 October 2019) Doc 7515, <i>The ICAO Financial Regulations</i>

1. INTRODUCTION

1.1 This working paper is presented to the Assembly to inform on the cash position, and the Council's recommendation as to the distribution or recovery of the cash surplus/deficit in accordance with Financial Regulation 6.2, 6.3 and Assembly Resolution A26-23.

1.2 The working paper provides information on the status of the cash deficit as at 31 December 2021 and illustrates that there is no cash surplus available for distribution but rather, a deficit as at that date.

2. CASH POSITION

2.1 Assessed contributions represent a legal obligation of Member States. The cumulative surplus, excluding reserves and the Working Capital Fund, in Net Assets for the General Fund at 31 December 2021 amounted to CAD 16.2 million. In accordance with International Public Sector Accounting Standards (IPSAS), regardless of whether or not the assessments are paid by the Member States, these contributions are recognized as revenue at the beginning of the year for which the assessments are levied. In this regard and consistent with Financial Regulation 6.3, the cumulative surplus needs to be further adjusted by assessments receivable.

2.2 As at 31 December 2021, ICAO has outstanding assessments receivable amounting to CAD 27.2 million. The receivable balance is comprised of CAD 15.6 million relating to the 2021 assessments, and CAD 11.6 million reflecting 2020 and prior years' arrears. Taking into consideration the above, the cash position as at 31 December 2021 showed a deficit of CAD 11.0 million (2018: CAD 6.3 million). The status of the cash position for the past three-year period is summarized in the table below:

	<i>in thousands of Canadian dollars</i>		
	2019	2020	2021
Cumulative Surplus	12 115	14 614	16 211
Less: Assessed contributions receivable from Member States	(27 704)	(14 792)	(27 193)
Cash Deficit	(15 589)	(178)	(10 982)

3. CONCLUSION

3.1 Given that the cash position as at 31 December 2021 showed a deficit, Financial Regulation 6.2 and Resolving Clause 3 of the Assembly Resolution A26-23 on cash surplus distribution, do not apply. The deficit as at 31 December 2021 is considered to be temporary and may be eliminated by the immediate payment of 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.