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INTERNATIONAL CIVIL AVIATION ORGANIZATION

ASSEMBLY - 35TH SESSION

ADMINISTRATIVE COMMISSION

- Agenda Item 41:** Financial Questions
Agenda Item 41.4: Distribution of cash surplus

DISTRIBUTION OF CASH SURPLUS

SUMMARY

This paper reports to the Assembly that there is no cash surplus available to distribute in accordance with Financial Regulation 6.2 and Resolving Clause 2 of Assembly Resolution A26-33.

Action by the Assembly: Paragraph 4

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 as 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. Resolving Clause 2 of 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”.
3. As shown in the table that follows, as at 31 December 2003, the Organization had a cash deficit of U.S.\$ 232 000 and therefore, there is no cash surplus available for distribution. Financial Regulation 6.3 provides that a cash deficit at the end of the year prior to the year in which the Assembly is held may be assessed on Contracting States by the Assembly. The amount of the deficit is not considered to be significant, and could be reduced in the future by more prompt payment by Contracting States. Furthermore, cash surplus could arise in future years if the amendment to Assembly Resolution A33-27 proposed in Assembly working paper A35-WP/21, EX/5, AD/3, with respect to the payments to be credited to the incentive scheme account for long-outstanding arrears, is approved. Accordingly, it is not recommended to assess the Contracting States for the deficit.

(2 pages)

* Replaced by “cash surplus” effective 1 January 1993.

Table: Cash Surplus (Deficit) as at 31 December

	<u>2001*</u>	<u>2002</u>	<u>2003</u>
Cash surplus (deficit) at beginning of the year (Refer A33-WP/24 for balance as at 31 December 2000)	\$ 16 033 000	\$ 12 571 000	\$ (1 077 000)
Excess (shortfall) of income over expenditure	(1 188 000)	155 000	(2 236 000)
Less transfers to Incentive Scheme for Settlement of Long-outstanding Arrears (A33-27)	(2 103 000)	(562 000)	(1 363 000)
Net appropriations carried over from (to) other year	3 801 000	(3 075 000)	831 000
Net change in balance of assessments receivable	1 167 000	(1 082 000)	623 000
Distribution of surplus	(1 982 000)	(1 000 000)	
Transferred to Information and Communication Technology Fund (ICT) per A33-24	(3 570 000)		
Surplus reserved and/or used in accordance with Assembly Resolution A33-23B	-	(8 429 000)	2 800 000
Adjustments and cancellation of prior year expenditure	<u>413 000</u>	<u>345 000</u>	<u>190 000</u>
Cash surplus (deficit) at end of the year	\$ <u>12 571 000</u>	\$ <u>(1 077 000)</u>	\$ <u>(232 000)</u>

ACTION BY THE ASSEMBLY

4. The Assembly is invited to note the cash deficit position as at 31 December 2003 and that the amount of the deficit will not be assessed on Contracting States.

! END !

*The 2001 financial statements were restated in Doc 9833 *Financial Statements for the Financial Period ending 31 December 2002*.