



**WORKING PAPER**

**ASSEMBLY – 36TH SESSION**

**ADMINISTRATIVE COMMISSION**

**Agenda Item 55: Disposition of cash surplus**

**REPORT ON THE CASH SURPLUS/DEFICIT POSITION**

(Presented by the Council of ICAO)

**EXECUTIVE SUMMARY**

This working paper reports to the Assembly on the status of cash surplus. 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 Contracting States by the Assembly.

The financial results for the year ended 31 December 2006 show a cash deficit of \$ 3.0 million as shown in the attached table to this paper. 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 2006 is considered to be temporary on the basis that payments amounting to \$ 7.5 million were received in early 2007 in payment of assessments due in 2006. Therefore, it is not proposed to assess Contracting States to finance the deficit as per Financial Regulation 6.3.

**Action:** The Assembly is invited to note the cash deficit position as at 31 December 2006 and consider that there is no need to assess Contracting States to finance the deficit.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategy 4 and does not relate to any Strategic Objective.
<i>Financial implications:</i>	Not applicable
<i>References:</i>	Doc 9848, <i>Assembly Resolutions in Force</i> (as at 8 October 2004) Doc 7515/12, <i>The ICAO Financial Regulations</i>

1. **INTRODUCTION**

1.1 A 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. This working paper provides information on the status of the cash surplus as at 31 December 2006 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 2006, the Organization had a cash deficit of approximately \$ 3.0 million, and there is no cash surplus available for distribution under Financial Regulation 6.2 and Assembly Resolution A26-23. The amount of the deficit, although significant, is considered to be temporary since it was eliminated following payments of \$ 3.0 and \$ 4.5 received in early 2007, which were applicable to assessments receivable in 2006. Accordingly, it is not recommended to assess the Contracting States to finance the deficit.

2.2 The accumulated surplus/deficit is summarized as follows:

<b>Balance at 31 December of:</b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
(in thousands of US dollars)			
Cumulative Surplus	15 773	16 264	17 414
Less: Assessed contributions receivable from			
Contracting States	<u>12 790</u>	<u>12 530</u>	<u>20 402</u>
Cash Surplus (Deficit)	<u>2 983</u>	<u>3 734</u>	<u>(2 988)</u>

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