



INTERNATIONAL
COFFEE
ORGANIZATION



FA 340/23

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Finance and Administration Committee
57th Meeting
16 March 2023
London, United Kingdom

Financial situation at 31 January 2023

RESTRICTED

Background

This paper provides information on the financial situation of the Organization at 31 January 2023 as per the unaudited management accounts at that date.

Action

The Finance and Administration Committee is requested to note this document.

FINANCIAL SITUATION AT 31 JANUARY 2023

Statement of Assets and Liabilities

1. In accordance with recommendations made during the 125th Council Session in September 2019, the Financial Situation as at 31 January 2023 contains the Statement of Assets and Liabilities section (**Table A**) and a Provision for Outstanding Contributions consisting of arrears, as compared to the unaudited balances as at 30 September 2022.
2. The most significant variances are in the following areas:
 - (a) Outstanding Current Contributions and Arrears (Increase of £579,370 and £237,202 respectively) - shown in **Table A** (a country-by-country breakdown of contributions and arrears is also provided in **Table F**).
 - (b) Debtors (Increases of £70,058) – An additional VAT refund claim was made to the Foreign & Commonwealth Office (FCO) last year and the refund has been delayed due to the limited work force in the FCO. The Secretariat regularly follows up with the FCO for a refund.
 - (c) Cash Balance at Bank (Increase of £709,778) - Higher than the balance as of 30 September 2022, which corresponded to the end of the financial year. The cash balance as of 31 January 2023 is sufficient to finance the Organization's operations for the rest of this coffee year approximately if no contributions are received from this moment on.
 - (d) Creditors (Decrease of £411) – The balance as of 31 January 2023 remains almost the same as the balance as of 30 September 2022.
 - (e) Amounts held on behalf of Members (no change) – The balance as of 31 January 2023 remains the same as the balance as of 30 September 2022.

Revenue and Expenditure

3. The year-to-date budget in **Tables B and C** simply shows a four-month portion of the total budget of 2022/23, in comparison to the year-to-date actual figures.

Revenue

4. The Organization's management accounts for the four months to 31 January 2023 show contributions due for the 2022/23 coffee year of £973,368 and for the arrears of £872,691.

5. Income from external sources (excluding contributions) for the four months to 31 January 2023 amounts to £7,514, against a year-to-date Budget of £7,983, a negative variance of £469. This is mainly due to relatively slow subscription rates to the statistical database, while the interest rate for the short-term Deposit recovered slightly. Therefore, the overall variance was minimal (**Table B**).

Expenditure

6. Total expenditure for the four months to 31 January 2023 amounted to £644,351, which represents a positive variance of £78,182 against the year-to-date Budget.

7. The most significant variances occurred in the following areas (**Table C**):

- (a) Language services under contract (positive variance of £11,071). This is a timing issue as more translation services are expected for the upcoming three Councils (two virtual sessions and one in India).
- (b) Travel (negative variance of £13,960) is due to a drastic increase in airfare prices since last year. Moreover, the new Executive Director has paid visits to Member countries to participate in multiple events.
- (c) Personnel (positive variance of £48,852). This is due to the fact that the four new posts had not been filled at the beginning of the 2022/23 coffee year. These new posts were filled in December 2022 and February 2023.
- (d) Council meeting costs (positive variance of £7,921). This is due to a timing difference. The budget is for the virtual Council sessions in March and September 2023.
- (e) Programme of Activities (positive variance of £10,502). The year-to-date budget is £22,333. This variance is merely a timing difference, given the four-month portion of the total budget of the Programme of Activities.

Provision for Outstanding Contributions

8. As at 31 January 2023, £38,396 was recorded as a Provision for Outstanding Contributions, consisting of arrears from 2020/21 (**Table D**), relating to Members who owed more than two years of contributions at the end of the 2022/23 coffee year, minus the recovery on the Provisions for the Outstanding Contributions for the first four months of the coffee year 2022/23.

9. Taking the above variances in income and expenditure into account, the management accounts show a positive variance of £1,556,945 in surplus as at 31 January 2023.

Reserve Fund

10. The Reserve Fund balance as at 31 January 2023 has an increase of £1,556,945 from 30 September 2022 (**Table E**).

11. In conclusion, the expenditure up to 31 January 2023 is deemed to be within the 2022/23 Budget. The Secretariat will continue communicating with Members in arrears to make prompt payments.

TABLE A

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

STATEMENT OF ASSETS AND LIABILITIES

Note	As at 31 January 2023 £	As at 30 September 2022 £	Variance
CURRENT ASSETS			
1 Contributions outstanding for current year (Table F)	973,368	393,998	579,370
2 Contributions outstanding from previous years (Table F)	872,691	635,489	237,202
Less: Provisions for outstanding contributions	(616,621)	(578,225)	(38,396)
Debtors	372,802	302,744	70,058
Balance with bankers and cash in hand	<u>1,945,598</u>	<u>1,235,820</u>	<u>709,778</u>
	3,547,838	1,989,826	1,558,012
LESS: CURRENT LIABILITIES			
Creditors	336,321	336,732	(411)
3 Amounts held on behalf of Members	25,776	25,776	0
4 Less: Amount set aside	<u>113,826</u>	<u>112,348</u>	<u>1,478</u>
	<u>3,071,915</u>	<u>1,514,970</u>	<u>1,556,945</u>
5 RESERVE FUND	<u>3,071,915</u>	<u>1,514,970</u>	<u>1,556,945</u>

TABLE B

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

REVENUE AND EXPENDITURE

FOR THE FOUR MONTHS TO 31 JANUARY 2023

	YTD Actual	YTD Budget	YTD Variance	Year End Budget
	£	£	£	£
Revenue				
a) Contributions of Members	2,232,178	2,228,000	4,178	2,228,000 ¹
b) External sources				
Interest	1,814	583	1,231	700
Other income				
1. Provision of statistical data	3,300	5,000	(1,700)	14,420
2. Accounting/payroll service	2,400	2,400	0	7,200
Total from external sources	7,514	7,983	(469)	22,320
Total revenue	2,239,692	2,235,983	3,709	2,250,320
Total expenditure (see Table C)	644,351	722,533	78,182	2,167,600
Provisions for outstanding contributions	38,396	61,000	22,604	82,720
Surplus/Deficit	1,556,945	1,452,450	104,495	-

1/ Corresponding to £1,114 per vote.

TABLE C

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

SUMMARY OF EXPENDITURE BY ITEM

FOR THE FOUR MONTHS TO 31 JANUARY 2023

	YTD Actual	YTD Budget	YTD Variance	Year End Budget
	£	£	£	£
1. Premises	123,859	128,000	4,141	384,000
2. Language services under contract	19,929	31,000	11,071	93,000
3. Special contracts	109	4,000	3,891	12,000
4. Travel	22,293	8,333	(13,960)	25,000
5. Communications	2,613	2,867	254	8,600
6. Official representation	0	0	0	0
7. Personnel	450,315	499,167	48,852	1,497,500
8. Other operating costs	7,784	11,833	4,049	35,500
9. Furniture and equipment	0	0	0	0
10. Computer-related costs	5,206	6,667	1,461	20,000
11. Council meeting costs	412	8,333	7,921	25,000
12. Programme of Activities	11,831	22,333	10,502	67,000
Total	644,351	722,533	78,182	2,167,600

TABLE D

INTERNATIONAL COFFEE ORGANIZATION

PROVISION FOR OUTSTANDING CONTRIBUTIONS

31 JANUARY 2023

	2020/21
	£
Burundi	5,652
Congo D.R. of	5,652
Ecuador	3,874
Gabon	6
Ghana	4,710
Sierra Leone	4,710
Tanzania	10,362
Timor-Leste	5,652
Tunisia	10,478
Total	51,096
Recovery on the Provision for the Outstanding Contributions	(12,700)
Net Provision for the Outstanding Contributions as of 31/1/2023	38,396

TABLE E
INTERNATIONAL COFFEE ORGANIZATION
RESERVE FUND AS AT 31 JANUARY 2023

	<u>31 January 2023</u>	<u>30 September 2022</u>
Balance as at 30 September 2022	1,514,970	1,465,877
Add:		
Transfer from 'Set Aside' Account		64,000
Carried from Income and Expenditure Account ^{1/}	1,595,341	118,649
Recovery from Provision for the outstanding contributions ^{1/}	<u>12,700</u>	<u>13,505</u>
Less:		
Amounts transferred re Termination of contracts		(65,205)
Provision for the outstanding contributions ^{1/}	(51,096)	(81,856)
Prior year Adjustment		
Balance as at 31 January 2023	<u>3,071,915</u>	<u>1,514,970</u>

1/ Net of these amounts result in the net surplus, £1,556,945 and £50,298 for the period (year) ending 31 January 2023 and 30 September 2022, respectively

TABLE F

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
AT 31 JANUARY 2023

Member	2022/23 Assessed	Received to 31 January 2023	Outstanding 31 January 2023
	£	£	£
Angola	5,570	5,570	0
Bolivia	4,178		4,178
Brazil	364,278		364,278
Cameroon	7,798		7,798
Colombia	120,312	120,312	0
Costa Rica	15,596	15,596	0
Côte d'Ivoire	18,938		18,938
El Salvador	10,026		10,026
Ethiopia	40,104		40,104
European Union	741,924	741,924	0
Gabon	5,570		5,570
Honduras	62,384		62,384
India	59,042	59,032	10
Indonesia	62,384		62,384
Japan	118,084	118,084	0
Kenya	12,254		12,254
Madagascar	5,570		5,570
Mexico	31,192		31,192
Nepal	5,570		5,570
Nicaragua	28,964	28,964	0
Nigeria	5,570		5,570
Norway	16,710	16,710	0
Panama	5,570		5,570
Papua New Guinea	12,254		12,254
Peru	38,990		38,990
Philippines	5,570		5,570
Russian Federation	98,032		98,032
Rwanda	8,912		8,912
Switzerland	56,814	56,814	0
Thailand	7,798	7,798	0
Togo	5,570	5,570	0
United Kingdom	82,436	82,436	0
Vietnam	168,214		168,214
Total	2,232,178	1,258,810	973,368

TABLE F (CONTD 1)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
OUTSTANDING FROM PREVIOUS YEARS
AT 31 JANUARY 2023

Member	£
Bolivia Plurinational State of	9,354
Brazil	40
Burundi	13,636
Cameroon	170
Central African Republic	63,054
Congo D.R. of	12,612
Cote d'Ivoire	8
Cuba	6,395
Ecuador	3,875
Gabon	2,997
Ghana	9,475
Liberia	78,840
Malawi	58,656
Peru	29,031
Russia	76,240
Rwanda	900
Sierra Leone	11,230
Tanzania	20,845
Timor Leste	11,453
Tunisia	21,914
Venezuela	20,173
Vietnam	70,000
Yemen	52,260
Zambia	39,944
Zimbabwe	42,476
Total	655,578

TABLE F (Contd 2)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
AT 31 JANUARY 2023

Member	Previous years
	£
Former Member countries who owe arrears:	
Congo, Republic of	39,505
Dominican Republic	30,729
Guinea	108,759
Uganda	38,120
	217,113
Total Outstanding Contributions from the previous years	
	872,691