



INTERNATIONAL
COFFEE
ORGANIZATION



FA 350/23

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Finance and Administration Committee
58th Meeting
16 June 2023
London, United Kingdom

Financial situation as at 30 April 2023

RESTRICTED

Background

This paper provides information on the financial situation of the Organization at 30 April 2023 as per the unaudited management accounts at that date.

Action

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

FINANCIAL SITUATION AS AT 30 APRIL 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 30 April 2023 contains the Statement of Assets and Liabilities section (**TABLE A**) and a Provision for Outstanding Contributions consisting of arrears, as compared to the audited balances as at 30 September 2022.
2. The most significant variances are in the following areas:
 - (a) Outstanding Current Contributions and Arrears (Increase of £77,407 and £130,035 from 30 September 2022 respectively) - shown in **TABLE A** (a country-by-country breakdown of contributions and arrears is also provided in **TABLE F**).
 - (b) Debtors (Increases of £50,106) – VAT refund claims have been outstanding since the last coffee year due to the limited work force in the Foreign, Commonwealth and Development Office (FCDO). They have responded to a communication from the ICO, indicating that the refund is to be made in June or July 2023. The Secretariat regularly follows up with the FCDO for said refund.
 - (c) Cash Balance at Bank (Increase of £882,971) - Higher than the balance as at 30 September 2022, which corresponded to the end of the financial year. As at 30 April 2023, £1,900,000 is in the short-term Certificate of Deposit (three Certificate of Deposits with 6 months maturity) to earn interest (approximately 1.81% to 2.5% annually). The cash balance as at 30 April 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 (Increase of £87,367) – The balance as at 30 April 2023 is higher than the balance as at 30 September 2022 mainly due to the receipt of an advance payment from the government of India for the World Coffee Conference and the International Coffee Council to be held in late September 2023.

Revenue and Expenditure

3. The year-to-date budget in **Tables B** and **C** simply shows a seven-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 seven months to 30 April 2023 show contributions due for the 2022/23 coffee year of £471,405 and for the arrears of £765,524.

5. Income from external sources (excluding contributions) for the seven months to 30 April 2023 amounts to £21,717, against a year-to-date Budget of £13,020, a positive variance of £8,697. This is mainly due to relatively increased subscription rates to the statistical database and the interest rate for the short-term Deposit recovered. (**TABLE B**).

Expenditure

6. Total expenditure for the seven months to 30 April 2023 amounted to £1,200,456, which represents a positive variance of £63,977 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 £13,396). This is a timing difference as more translation services are expected for the upcoming Council in India.
- (b) Travel (negative variance of £7,394). This is due to a timing difference and the actual expenses will be within the budget by the end of September 2023. Due to drastic increases in airfare prices since last year, though the Executive Director has also made visits paid by hosts to Member countries to participate in multiple events, the 135th Council approved the transfer from the 2022/23 budget of £20,000 from Personnel to Travel Costs ([ICC 135-6](#)).
- (c) Personnel (positive variance of £25,426). This is due to the four new posts having not been filled at the beginning of the 2022/23 coffee year. These new posts were filled in December 2022 and February 2023. The positive variance was reduced by the £20,000 transferred to the Travel Budget, as shown in paragraph 7(b).

- (d) Council meeting costs (positive variance of £10,155). This is due to a timing difference. The budget is for the Council session in September 2023.
- (e) Programme of Activities (positive variance of £7,594). The year-to-date budget is £39,083. This variance is merely a timing difference, given the seven-month portion of the total budget of the Programme of Activities.

Provision for Outstanding Contributions

8. As at 30 April 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, considering the net recovery on the Provisions for the Outstanding Contributions for the first seven 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 £1,015,043 in surplus as at 30 April 2023.

Reserve Fund

10. The Reserve Fund balance as at 30 April 2023 increased to £2,530,013 (**TABLE E**) from the balance as at 30 September 2022.

11. In conclusion, the expenditure up to 30 April 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 30 April 2023 £	As at 30 September 2022 £	Variance
CURRENT ASSETS			
1 Contributions outstanding for current year (Table F)	471,405	393,998	77,407
2 Contributions outstanding from previous years (Table F)	765,524	635,489	130,035
Less: Provisions for outstanding contributions	(616,621)	(578,225)	(38,396)
Debtors	352,851	302,744	50,106
Balance with bankers and cash in hand	<u>2,118,791</u>	<u>1,235,820</u>	<u>882,971</u>
	3,091,950	1,989,826	1,102,124
LESS: CURRENT LIABILITIES			
Creditors	424,099	336,732	87,367
3 Amounts held on behalf of Members	25,490	25,776	(286)
4 Less: Amount set aside	<u>112,348</u>	<u>112,348</u>	<u>-</u>
	<u>2,530,013</u>	<u>1,514,970</u>	<u>1,015,043</u>
5 RESERVE FUND	<u>2,530,013</u>	<u>1,514,970</u>	<u>1,015,043</u>

TABLE B

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

REVENUE AND EXPENDITURE

FOR THE SEVEN MONTHS TO 30 APRIL 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	4,774	408	4,366	700
Other income				
1. Provision of statistical data	12,143	8,412	3,731	14,420
2. Accounting/payroll service	4,800	4,200	600	7,200
Total from external sources	21,717	13,020	8,697	22,320
Total revenue	2,253,895	2,241,020	12,875	2,250,320
Total expenditure (see Table C)	1,200,456	1,264,433	(63,977)	2,167,600
Provisions for outstanding contributions	38,396	61,000	(22,604)	82,720
Surplus/Deficit	1,015,043	915,587	99,456	-

1/ Corresponding to £1,114 per vote.

TABLE C

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

SUMMARY OF EXPENDITURE BY ITEM

FOR THE SEVEN MONTHS TO 30 APRIL 2023

	YTD Actual	YTD Budget	YTD Variance	Year End Budget
	£	£	£	£
1. Premises	223,616	224,000	384	384,000
2. Language services under contract	40,854	54,250	13,396	93,000
3. Special contracts	0	7,000	7,000	12,000
4. Travel	33,644	26,250	(7,394)	45,000 ^{1/}
5. Communications	4,549	5,017	468	8,600
6. Official representation				0
7. Personnel	836,449	861,875	25,426	1,477,500 ^{1/}
8. Other operating costs	14,426	20,708	6,282	35,500
9. Furniture and equipment	0	0	0	0
10. Computer-related costs	11,001	11,667	666	20,000
11. Council meeting costs	4,428	14,583	10,155	25,000
12. Programme of Activities	31,489	39,083	7,594	67,000
Total	1,200,456	1,264,433	63,977	2,167,600

1/..... Transfer from the budget of £20,000 from Personnel to Travel Costs ([ICC-135-6](#))

TABLE D

INTERNATIONAL COFFEE ORGANIZATION

PROVISION FOR OUTSTANDING CONTRIBUTIONS

30 APRIL 2023

	2020/21
	£
Burundi	5,652
Congo D.R. of	4,686
Ecuador	3,875
Gabon	6
Ghana	4,710
Sierra Leone	4,710
Tanzania	10,362
Timor-Leste	5,652
Tunisia	10,478
Total	50,131
 Net recovery on the Provision for the Outstanding Contributions	 (11,735)
 Net Provision for the Outstanding Contributions as of 30/4/2023	 38,396

TABLE E

INTERNATIONAL COFFEE ORGANIZATION

RESERVE FUND AS AT 30 APRIL 2023

	<u>30 April 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/}	1,053,439	118,649
Recovery from Provision for the outstanding ^{1/} contributions ^{1/}	<u>11,735</u>	<u>13,505</u>
Less:		
Amounts transferred re Termination of contracts		(65,205)
Provision for the outstanding contribution ^{1/}	(50,131)	(81,856)
Prior year Adjustment		
Balance as at 30 April 2023	<u>2,530,013</u>	<u>1,514,970</u>

1/ Net of these amounts result in the net surplus, £1,015,043 and £50,298 for the period (year) ending 30 April 2023 and 30 September 2022, respectively

TABLE F

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
AT 30 APRIL 2023

Member	2022/23 Assessed	Received to 30 April 2023	Outstanding 30 April 2023
	£	£	£
Angola	5,570	5,570	0
Bolivia	4,178		4,178
Brazil	364,278	364,278	0
Cameroon	7,798	7,786	12
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	0
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	0
Japan	118,084	118,084	0
Kenya	12,254	12,254	0
Madagascar	5,570		5,570
Mexico	31,192	31,192	0
Nepal	5,570	5,570	0
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	2,902	36,088
Philippines	5,570	5,570	0
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	1,760,773	471,405

TABLE F (CONTD 1)**INTERNATIONAL COFFEE ORGANIZATION****CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
OUTSTANDING FROM PREVIOUS YEARS
AT 30 APRIL 2023**

Member	£
Bolivia Plurinational State of	9,354
Burundi	13,636
Central African Republic	63,054
Congo D.R. of	4,686
Cote d'Ivoire	8
Cuba	6,395
Ecuador	3,875
Gabon	2,997
Ghana	9,475
Liberia	78,840
Malawi	58,656
Russia	76,240
Rwanda	900
Sierra Leone	11,230
Tanzania	20,845
Timor Leste	11,453
Tunisia	21,914
Venezuela	20,173
Yemen	52,260
Zambia	39,944
Zimbabwe	42,476
Total	548,411

TABLE F (Contd 2)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
AT 30 APRIL 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 previous years	
	765,524