



INTERNATIONAL
COFFEE
ORGANIZATION



FA 355/23

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Finance and Administration Committee
59th Meeting
7 September 2023
London, United Kingdom

Financial situation as at 31 July 2023

RESTRICTED

Background

This paper provides information on the financial situation of the Organization at 31 July 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 31 JULY 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 July 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 (Decrease of £101,761 and Increase of £109,504 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 (Decrease of £102,556) – Refunds of all the outstanding VAT-related claims up to 31 January 2023 have been received from the Foreign, Commonwealth and Development Office (FCDO) after continuous follow-up efforts by the Secretariat. More recent refund requests for transactions occurring after 1 February 2023 have also already been submitted to FCDO.
 - (c) Cash Balance at Bank (Increase of £785,795) – As at 31 July 2023, £1,300,000 is in the short-term Certificate of Deposit (two Certificate of Deposits with 6 months' maturity) to earn interest (approximately 1.81% to 2.5% annually). The cash balance as at 31 July 2023 is sufficient to finance the Organization's operations for this coffee year approximately if no contributions are received from this moment on.
 - (d) Creditors (Increase of £160,709) – This is mainly due to two factors: (1) 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; and (2) the FCDO refunded in excess of £90,000 as a part of the ICO's VAT reclaims. This has therefore been recorded as an 'advance' and the Secretariat is in contact with FCDO to obtain more details.
 - (e) Amounts held on behalf of Members (Decrease of £21,003) – The advance paid by Honduras last year was applied against the contributions for coffee year 2022/23.

Revenue and Expenditure

3. The year-to-date budget in **Tables B** and **C** simply shows a ten-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 ten months to 31 July 2023 show contributions due for the 2022/23 coffee year of £292,237 and for the arrears of £744,993.

5. Income from external sources (excluding contributions) for the ten months to 31 July 2023 amounts to £35,552, against a year-to-date Budget of £18,600, a positive variance of £16,952. This is mainly due to 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 ten months to 31 July 2023 amounted to £1,710,938, which represents a positive variance of £95,395 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 £32,333). This is a timing difference as more translation services are expected for the upcoming Committees and Council in September. Also, the Secretariat has managed to save costs by changing translation providers.
- (b) Personnel (positive variance of £20,678). This is due to the four new posts having not been filled at the beginning of the 2022/23 coffee year. The positive variance was reduced by the £20,000 transferred to the Travel Budget.
- (c) Council meeting costs (positive variance of £16,166). This is due to a timing difference. More costs may be incurred towards the end of this coffee year for the preparation of the Council in September. The Secretariat has also made savings by holding meetings remotely.
- (d) Programme of Activities (positive variance of £9,223). This variance is merely a timing difference, given the ten-month portion of the total budget of the Programme of Activities.

Provision for Outstanding Contributions

8. As at 31 July 2023, £32,598 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 ten 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 £147,533 in surplus as at 31 July 2023.

Reserve Fund

10. The Reserve Fund balance as at 31 July 2023 increased to £2,033,648 (**TABLE E**) from the balance as at 30 September 2022.

11. In conclusion, the expenditure up to 31 July 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 July 2023 £	As at 30 September 2022 £	Variance
CURRENT ASSETS			
1 Contributions outstanding for current year (Table F)	292,237	393,998	(101,761)
2 Contributions outstanding from previous years (Table F)	744,993	635,489	109,504
Less: Provisions for outstanding contributions	(610,823)	(578,225)	(32,598)
Debtors	200,188	302,744	(102,556)
Balance with bankers and cash in hand	<u>2,021,615</u>	<u>1,235,820</u>	<u>785,795</u>
	2,648,210	1,989,826	658,384
LESS: CURRENT LIABILITIES			
Creditors	497,441	336,732	160,709
3 Amounts held on behalf of Members	4,773	25,776	(21,003)
4 Less: Amount set aside	<u>112,348</u>	<u>112,348</u>	<u>-</u>
	<u>2,033,648</u>	<u>1,514,970</u>	<u>518,678</u>
5 RESERVE FUND	<u><u>2,033,648</u></u>	<u><u>1,514,970</u></u>	<u><u>518,678</u></u>

TABLE B

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

REVENUE AND EXPENDITURE

FOR THE TEN MONTHS TO 31 JULY 2023

	YTD Actual	YTD Budget	YTD Variance	Year End Budget
	£	£	£	£
Revenue				
a) Contributions of Members	2,234,784 ^{2/}	2,228,000 ^{1/}	6,784	2,228,000 ¹
b) External sources				
Interest	12,969	583	12,386	700
Other income				
1. Provision of statistical data	15,983	12,017	3,966	14,420
2. Accounting/payroll service	6,600	6,000	600	7,200
Total from external sources	35,552	18,600	16,952	22,320
Total revenue	2,270,336	2,246,600	23,736	2,250,320
Total expenditure (see Table C)	1,710,938	1,806,333	(95,395)	2,167,600
Provisions for outstanding contributions	32,598	61,000	(28,402)	82,720
Surplus/Deficit	526,800	379,267	147,533	-

1/ Corresponding to £1,114 per vote.

2/ The voting rights and membership of Bolivia and Burundi were restored following the payment of their arrears during this coffee year, and the pro-rata portion of their 2022/23 contributions became due.

TABLE C

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

SUMMARY OF EXPENDITURE BY ITEM

FOR THE TEN MONTHS TO 31 JULY 2023

	YTD Actual	YTD Budget	YTD Variance	Year End Budget
	£	£	£	£
1. Premises	319,154	320,000	846	384,000
2. Language services under contract	45,167	77,500	32,333	93,000
3. Special contracts	3,809	10,000	6,191	12,000
4. Travel	35,948	37,500	1,552	45,000 ^{1/}
5. Communications	6,546	7,167	621	8,600
6. Official representation				0
7. Personnel	1,210,572	1,231,250	20,678	1,477,500 ^{1/}
8. Other operating costs	23,102	29,583	6,481	35,500
9. Furniture and equipment	0	0	0	0
10. Computer-related costs	15,463	16,667	1,204	20,000
11. Council meeting costs	4,667	20,833	16,166	25,000
12. Programme of Activities	46,510	55,833	9,323	67,000
Total	1,710,938	1,806,333	95,395	2,167,600

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

TABLE D

INTERNATIONAL COFFEE ORGANIZATION

PROVISION FOR OUTSTANDING CONTRIBUTIONS

31 JULY 2023

	2020/21
	£
Burundi	287
Congo D.R. of	4,686
Ecuador	3,875
Ghana	4,710
Sierra Leone	4,710
Tanzania	10,362
Timor-Leste	5,652
Tunisia	10,478
Total	44,760
 Net recovery on the Provision for the Outstanding Contributions	 (12,162)
 Net Provision for the Outstanding Contributions as of 31/07/2023	 32,598

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

	<u>31 July 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/}	559,398	118,649
Recovery from Provision for the outstanding ^{1/} contributions ^{1/}	<u>12,162</u>	<u>13,505</u>
Less:		
Amounts transferred re Termination of contracts	(8,122)	(65,205)
Provision for the outstanding contribution ^{1/}	(44,760)	(81,856)
Prior year Adjustment		
Balance as at 31 July 2023	<u>2,033,648</u>	<u>1,514,970</u>

1/ Net of these amounts result in the net surplus, £526,800 and £50,298 for the periods (year) ending 31 July 2023 and 30 September 2022, respectively

TABLE F

INTERNATIONAL COFFEE ORGANIZATION

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

Member	2022/23 Assessed	Received to 31 July 2023	Outstanding 31 July 2023
	£	£	£
Angola	5,570	5,570	0
Bolivia ^{1/}	4,178		4,178
Brazil	364,278	364,278	0
Burundi ^{2/}	2,606		2,606
Cameroon	7,798	7,786	12
Colombia	120,312	120,312	0
Costa Rica	15,596	15,596	0
Côte d'Ivoire	18,938	18,568	370
El Salvador	10,026	10,026	0
Ethiopia	40,104	40,104	0
European Union	741,924	741,924	0
Gabon	5,570	5,252	318
Honduras	62,384	62,384	0
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	5,466	104
Papua New Guinea	12,254		12,254
Peru	38,990	2,903	36,087
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	50,000	118,214
Total	2,234,784	1,942,547	292,237

1/ Bolivia paid the first instalment of its arrears (£4,676.97) in December 2022 and the pro-rata portion of its 2022/23 contributions became due.

2/ Burundi's voting rights and membership were restored following the payment of its arrears in June 2023 and the pro-rata portion of its 2022/23 contributions became due.

TABLE F (CONTD 1)

INTERNATIONAL COFFEE ORGANIZATION

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

Member	£
Bolivia Plurinational State of	5,177
Burundi	287
Central African Republic	63,054
Congo D.R. of	4,686
Cuba	6,395
Ecuador	3,875
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	527,880

TABLE F (Contd 2)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2022/23
AT 31 JULY 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	
	744,993