INTERNATIONAL COFFEE ORGANIZATION

FA **362/24**

19 February 2024
Original: English

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Finance and Administration Committee
60th Meeting
5 March 2024
London, United Kingdom

Financial situation as at 31 January 2024

RESTRICTED

Background

This paper provides information on the financial situation of the Organization as at 31 January 2024 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 JANUARY 2024

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 2024 contains the Statement of Assets and Liabilities section (**TABLE A**), as compared to the unaudited balances as at 31 January 2024, the Statement of Revenue and Expenditures as compared to a four-month portion of the total budget of 2023/24, and a Provision for Outstanding Contributions consisting of arrears.

2. The most significant variances are in the following areas:

(a) Outstanding Current Contributions and Arrears (Decrease of £116,678 and £119,228 from 30 September 2023, respectively) - shown in **TABLE A** (a country-by-country breakdown of contributions and arrears is also provided in **TABLE F**). The decrease resulted in a smooth cash inflow compared to the same time last year, though there are still significant outstanding contributions as at 31 January 2024.

(b) Debtors (Decrease of £259,697) – The decrease is due to offsetting debtors and creditors accounts relating to the former premises at Berners Street, since the former landlord, Mr Pasha, confirmed that there was no financial obligation between him and the ICO.

(c) Cash Balance at Bank (Increase of £1,083,355) - This is higher than the balance as at 31 January 2023, due to saving efforts made by the Secretariat over the last few years, as well as a slight improvement in the turnover on outstanding contributions. £2,500,000 is in the short-term Certificate of Deposit (three Certificate of Deposits with six months' maturity) to earn interest (approximately 2% to 3% annually). The cash balance as at 31 January 2024 is sufficient to finance the Organization's operations for the rest of this coffee year if no contributions are received from this moment on.

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 2023/24, in comparison to the year-to-date actual figures.

Revenue

4. The Organization's management accounts for the four months to 31 January 2024 show contributions due for the 2023/24 coffee year of £856,690 and for the arrears of £753,463.

5. Income from external sources (excluding contributions) for the four months to 31 January 2024 amounts to £34,209, against a year-to-date Budget of £14,798, a positive variance of £19,411. This is mainly due to the increase on the short-term deposit amounts and the fact that the interest rate for the short-term recovered. (**TABLE B**).

Expenditure

6. Total expenditure for the four months to 31 January 2024 amounted to £687,043, which represents a positive variance of £181,624 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 £21,349). This is a timing difference as more translation and interpretation services are expected for the upcoming Council in March 2024.

(b) Personnel (positive variance of £126,685). This is due to two of the three new posts (approved at the last Council in September 2023) having not been filled since the beginning of the 2023/24 coffee year. The Secretariat has been using temporary outside services in the interim.

(c) Council meeting costs (positive variance of £7,955). This is due to a timing difference because the budget is mainly for the Council session in London in September 2024.

(d) Programme of Activities (positive variance of £10,762). The year-to-date budget is £25,334. 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 2024, £65,704 was recorded as a Provision for Outstanding Contributions, consisting of arrears from 2021/22 (**TABLE D**), relating to Members who owed more than two years of contributions at the end of the 2023/24 coffee year,

considering the net recovery on the Provisions for the Outstanding Contributions for the first four months of the coffee year 2023/24.

9. Taking the above variances in income and expenditure into account, the management accounts show a positive variance of £1,983,325 in surplus as at 31 January 2024.

Reserve Fund

10. The Reserve Fund balance as at 31 January 2024 increased to £3,612,155 (**TABLE E**) from the balance as at 30 September 2023.

11. In conclusion, the expenditure up to 31 January 2024 is deemed to be within the 2023/24 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 2024 £	As at 31 January 2023 £	Variance
	CURRENT ASSETS			
1	Contributions outstanding for current year **(Table F)**	856,690	973,368	(116,678)
2	Contributions outstanding from previous years **(Table F)**	753,463	872,691	(119,228)
	Less: Provisions for outstanding contributions	(656,975)	(616,621)	(40,354)
	Debtors	113,105	372,802	(259,697)
	Balance with bankers and cash in hand	3,028,953	1,945,598	1,083,355
		4,095,236	3,547,838	547,398
	LESS: CURRENT LIABILITIES			
	Creditors	334,308	336,321	(2,013)
3	Amounts held on behalf of Members	4,773	25,776	(21,003)
4	Less: Amount set aside	144,000	113,826	30,174
		3,612,155	3,071,915	540,240
5	**RESERVE FUND**	3,612,155	3,071,915	540,240

TABLE B

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

REVENUE AND EXPENDITURE

FOR THE FOUR MONTHS TO 31 JANUARY 2024

	YTD Actual	YTD Budget	YTD Variance	Year End Budget
	£	£	£	£
Revenue				
a) Contributions of Members	**2,701,863** [2]	**2,600,000**	**101,863**	**2,600,000** [1/]
b) External sources				
Interest	17,908	4,032	13,876	12,096
Other income				
1. Provision of statistical data	9,901	6,667	3,234	20,000
2. Accounting/payroll service	2,400	2,433	(33)	7,300
3. Income from TF Project	4,000	1,666	2,333	5,000
Total from external sources	**34,209**	**14,798**	**19,411**	**44,396**
Total revenue	**2,736,072**	**2,614,798**	**121,274**	**2,644,396**
Total expenditure (see Table C)	**687,043**	**868,667**	**(181,624)**	**2,606,000**
Provisions for outstanding contributions	**(65,704)**	**(38,396)**	**(27,308)**	**38,396**
Surplus/Deficit	**1,983,325**	**1,707,735**	**275,590**	

1/ *Corresponding to £1,114 per vote.*

2/ *Russia's voting rights and membership were restored following the payment of its arrears in November 2023 and the pro-rata portion of its 2023/24 contributions became due.*

TABLE C

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

SUMMARY OF EXPENDITURE BY ITEM

FOR THE FOUR MONTHS TO 31 JANUARY 2024

		YTD Actual	YTD Budget	YTD Variance	Year End Budget
		£	£	£	£
1.	Premises	128,116	129,667	1,551	389,000
2.	Language services under contract	6,484	27,833	21,349	83,500
3.	Special contracts	0	3,333	3,333	10,000
4.	Travel	14,898	15,000	102	45,000
5.	Communications	2,668	3,067	399	9,200
6.	Official representation				
7.	Personnel	510,315	637,000	126,685	1,911,000
8.	Other operating costs	5,738	12,433	6,696	37,300
9.	Furniture and equipment	0	0	0	0
10.	Computer-related costs	3,874	6,667	2,792	20,000
11.	Council meeting costs	378	8,333	7,955	25,000
12.	Programme of Activities	14,572	25,334	10,762	76,000
Total		**687,043**	**868,667**	**181,624**	**2,606,000**

TABLE D

INTERNATIONAL COFFEE ORGANIZATION

PROVISION FOR OUTSTANDING CONTRIBUTIONS

31 JANUARY 2024

	2021/22
	£
Ghana	4,765
Rwanda	900
Tanzania	10,483
Tunisia	11,436
Uganda	38,120
Total	**65,704**

TABLE E

INTERNATIONAL COFFEE ORGANIZATION

RESERVE FUND AS AT 31 JANUARY 2024

	31 January 2024	30 September 2023
Balance as at 30 September 2023	**1,628,829**	**1,514,970**
Add:		
Transfer from 'Set Aside' Account		
Carried from Income and Expenditure Account	2,049,030	153,351
Recovery from Provision for the outstanding contributions[1/]		25,775
Less:		
Amounts transferred re Termination of contracts		
Provision for the outstanding contribution [1/]		(26,446)
Prior year Adjustment	**(65,704)**	(38,821)
Balance as at 31 January 2024	**3,612,155**	**1,628,829**

TABLE F

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2023/24 AT 31 JANUARY 2024

Member	2023/24 Assessed	Received to 31 January 2024	Outstanding 31 January 2024
	£	£	£
Angola	6,500	6,500	0
Bolivia [1/]	6,500		6,500
Brazil	436,800	436,800	0
Burundi	9,100	2,845	6,255
Cameroon	9,100		9,100
Colombia	136,500	136,500	0
Costa Rica	18,200	18,200	0
Côte d'Ivoire	20,800		20,800
El Salvador	11,700		11,700
Ethiopia	46,800		46,800
European Union	865,800	865,800	0
Gabon	6,500		6,500
Honduras	65,000		65,000
India	70,200		70,200
Indonesia	78,000		78,000
Japan	187,200	187,200	0
Kenya	14,300	14,300	0
Madagascar	6,500		6,500
Mexico	37,700		37,700
Nepal	6,500		6,500
Nicaragua	35,100	35,100	0
Nigeria	6,500		6,500
Norway	24,700	24,700	0
Panama	6,500		6,500
Papua New Guinea	14,300	11,867	2,433
Peru	44,200		44,200
Philippines	6,500		6,500
Russian Federation [2/]	101,863		101,863
Rwanda	10,400		10,400
Switzerland	92,300	92,300	0
Thailand	9,100		9,100
Timor-Leste	7,800	6,561	1,239
Togo	6,500	6,500	0
United Kingdom	130,000		130,000
Vietnam	166,400		166,400
Total	**2,701,863**	**1,845,173**	**856,690**

1/ Bolivia is on an instalment plan, as approved at the 134th Session of the Council in Colombia in October 2022.
2/ Russia's voting rights and membership were restored following the payment of its arrears in November 2023 and the pro-rata portion of its 2023/24 contributions became due.

TABLE F (CONTD 1)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2023/24
OUTSTANDING FROM PREVIOUS YEARS
AT 31 JANUARY 2024

Member	**£**
Bolivia, Plurinational State of	9,354
Central African Republic	63,054
Congo D.R. of	4,686
Cote d'Ivoire	370
Cuba	6,395
Ecuador	3,875
Gabon	318
Ghana	9,475
Liberia	78,840
Madagascar	5,570
Malawi	58,656
Nigeria	5,570
Panama	104
Peru	36,087
Russia	2,128
Rwanda	9,812
Sierra Leone	11,230
Tanzania	20,845
Tunisia	21,914
Venezuela	20,173
Vietnam	33,214
Yemen	52,260
Zambia	39,944
Zimbabwe	42,476
Total	**536,350**

TABLE F (Contd 2)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2023/24
AT 31 JANUARY 2024

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	**753,463**