INTERNATIONAL COFFEE ORGANIZATION

FA **373/24**

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E

Finance and Administration Committee
61st Meeting
3 September 2024
London, United Kingdom

Financial situation as at 31 July 2024

RESTRICTED

Background

This paper provides information on the financial situation of the Organization at 31 July 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 JULY 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 July 2024 contains the Statement of Assets and Liabilities section (**TABLE A**), as compared to the unaudited balances as at 31 July 2024, the Statement of Revenue and Expenditures as compared to a ten-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 £128,392 and £75,953 from 31 July 2023, respectively) - shown in **TABLE A** (a country-by-country breakdown of contributions and arrears is also provided in **TABLE F**). The decrease in arrears resulted in a favourable cash inflow as compared to the same time last year, though there is still a significant amount of outstanding contributions as of 31 July 2024.

(b) Debtors (Decrease of £122,301) – The decrease is mainly due to offsetting debtors and creditors accounts at the end of year ending September 2023 relating to the former premises at Berners Street.

(c) Cash Balance at Bank (Increase of £644,753) - Higher than the balance as at 31 July 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. £1,900,000 is in the short-term Certificate of Deposit (two Certificates of Deposits with six months' maturity) to earn interest (approximately 2% to 3% annually). The cash balance as at 31 July 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.

(d) Creditors (Decrease of £62,351) – The decrease is mainly due to two factors: (1) offsetting debtors and creditors accounts relating to the former premises, and (2) the advance VAT and the related tax refund from the Foreign Office had been partially utilized.

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

Revenue

4. The Organization's management accounts for the ten months to 31 July 2024 show contributions due for the 2023/24 coffee year of £163,845 and for the arrears of £669,040 (**TABLE F**).

5. Income from external sources (excluding contributions) for the ten months to 31 July 2024 amounts to £74,387, against a year-to-date budget of £36,997, a positive variance of £37,390. This is mainly due to the increase on the short-term deposit amounts and the interest rate for the short-term deposits (**TABLE B**).

Expenditure

6. Total expenditure for the ten months to 31 July 2024 amounted to £2,002,794, which represents a positive variance of £168,873 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 £36,066). This is a timing difference as more translation and interpretation services are expected for the upcoming Council in September 2024.

(b) Special contracts – No professional fees incurred as of 31 July 2024 but some legal fees are expected to be incurred upon the exchange of the lease extension contract and consultation of ICO documents with the Members.

(c) Personnel (positive variance of £94,747). This is due to the new posts being filled between January and March of the 2023/24 coffee year. The Secretariat had been using temporary outside services before then.

(d) Council meeting costs (positive variance of £19,656). This is due to a timing difference.

Provision for Outstanding Contributions

8. As at 31 July 2024, £64,804 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 Provision for Outstanding Contributions for the first ten 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 £281,718 in surplus as at 31 July 2024.

Reserve Fund

10. The Reserve Fund balance as at 31 July 2024 increased to £2,337,481 (**TABLE E**) from the balance as at 30 September 2023.

11. In conclusion, the expenditure up to 31 July 2024 is deemed to be within the 2023/24 budget. The Secretariat will continue communicating with Members in arrears so that they can make prompt payments.

TABLE A

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

STATEMENT OF ASSETS AND LIABILITIES

	As at 31 July 2024 £	As at 31 July 2023 £	Variance
CURRENT ASSETS			
Contributions outstanding for current year **(Table F)**	163,845	292,237	(128,392)
Contributions outstanding from previous years **(Table F)**	669,040	744,993	(75,953)
Less: Provision for Outstanding Contributions	(656,075)	(610,823)	(45,252)
Debtors	77,887	200,188	(122,301)
Balance with bankers and cash in hand	2,666,368	2,021,615	644,753
	2,921,065	2,648,210	272,855
LESS: CURRENT LIABILITIES			
Creditors	435,090	497,441	62,351
Amounts held on behalf of Members	4,494	4,773	279
Less: Amount set aside	144,000	112,348	(31,652)
	2,337,481	2,033,648	303,833
RESERVE FUND	2,337,481	2,033,648	303,833

TABLE B

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

REVENUE AND EXPENDITURE

FOR THE TEN MONTHS TO 31 JULY 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	42,500	10,080	32,420	12,096
	Other income				
	1. Provision of statistical data	21,287	16,667	4,620	20,000
	2. Accounting/payroll service	6,600	6,083	517	7,300
	3. Income from TF Project	4,000	4,167	(167)	5,000
Total from external sources		**74,387**	**36,997**	**37,390**	**44,396**
Total revenue		**2,776,250**	**2,636,997**	**139,253**	**2,644,396**
Total expenditure (see Table C)		**2,002,794**	**2,171,667**	**168,873**	**2,606,000**
Provision for Outstanding Contributions		**64,804**	**38,396**	**(26,408)**	**38,396**
Surplus/Deficit		**708,652**	**426,934**	**281,718**	**-**

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 (£101,863) became due.*

TABLE C

INTERNATIONAL COFFEE ORGANIZATION

MANAGEMENT ACCOUNTS

SUMMARY OF EXPENDITURE BY ITEM

FOR THE TEN MONTHS TO 31 JULY 2024

		YTD Actual	YTD Budget	YTD Variance	Year End Budget
		£	£	£	£
1.	Premises	322,510	324,167	1,657	389,000
2.	Language services under contract	33,517	69,583	36,066	83,500
3.	Special contracts	0	8,333	8,333	10,000
4.	Travel	40,043	37,500	(2,543)	45,000
5.	Communications	5,771	7,667	1,896	9,200
6.	Official representation				
7.	Personnel	1,497,753	1,592,500	94,747	1,911,000
8.	Other operating costs	24,143	31,083	6,940	37,300
9.	Furniture and equipment	0	0	0	0
10.	Computer-related costs	14,459	16,667	2,208	20,000
11.	Council meeting costs	1,177	20,833	19,656	25,000
12.	Programme of Activities	63,421	63,333	(88)	76,000
Total		**2,002,794**	**2,171,667**	**168,873**	**2,606,000**

TABLE D

INTERNATIONAL COFFEE ORGANIZATION

PROVISION FOR OUTSTANDING CONTRIBUTIONS

31 JULY 2024

	2021/22
	£
Ghana	4,765
Tanzania	10,483
Tunisia	11,436
Uganda	38,120
Total	**64,804**

TABLE E

INTERNATIONAL COFFEE ORGANIZATION

RESERVE FUND AS AT 31 JULY 2024

	31 July 2024	30 September 2023
Balance as at 30 September 2023	**1,628,829**	**1,514,970**
Add:		
Carried from Income and Expenditure Account	773,456	153,351
Recovery from Provision for Outstanding Contributions		25,775
Less:		
Amounts transferred – resignation/termination of contracts		(26,446)
Provision for Outstanding Contributions	(64,804)	(38,821)
Balance as at 31 July 2024	**2,337,481**	**1,628,829**

TABLE F

INTERNATIONAL COFFEE ORGANIZATION

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

Member	2023/24 Assessed	Received to 31 July 2024	Outstanding 31 July 2024
	£	£	£
Angola	6,500	6,500	0
Bolivia	6,500		6,500
Brazil	436,800	436,800	0
Burundi	9,100	9,100	0
Cameroon	9,100	9,100	0
Colombia	136,500	136,500	0
Costa Rica	18,200	18,200	0
Côte d'Ivoire	20,800	20,800	0
El Salvador	11,700	11,700	0
Ethiopia	46,800	46,800	0
European Union	865,800	865,800	0
Gabon	6,500		6,500
Honduras	65,000	65,000	0
India	70,200	70,200	0
Indonesia	78,000	78,000	0
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	0
Nicaragua	35,100	35,100	0
Nigeria	6,500		6,500
Norway	24,700	24,700	0
Panama	6,500	6,355	1450
Papua New Guinea	14,300	13,904	396
Peru	44,200		44,200
Philippines	6,500	6,500	0
Russian Federation[1/]	101,863	98,098	3,765
Rwanda	10,400	10,400	0
Switzerland	92,300	92,300	0
Thailand	9,100	9,100	0
Timor-Leste	7,800	6,561	1,239
Togo	6,500	6,500	0
United Kingdom	130,000	130,000	0
Vietnam	166,400	116,000	50,400
Total	**2,701,863**	**2,538,018**	**163,845**

1/ Russia's membership was 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
AS AT 31 JULY 2024

Member	£
Bolivia, Plurinational State of	9,354
Central African Republic	63,054
Congo, D.R. of	4,686
Cuba	6,395
Ecuador	3,875
Gabon	318
Ghana	9,475
Liberia	78,840
Madagascar	5,570
Malawi	58,656
Nigeria	2,742
Peru	120
Sierra Leone	11,230
Tanzania	20,845
Tunisia	21,914
Venezuela	20,173
Yemen	52.260
Zambia	39,944
Zimbabwe	42,476
Total	**451,927**

TABLE F (CONTD 2)

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET FOR THE FINANCIAL YEAR 2023/24
AS AT 31 JULY 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	**669,040**