

FINANCIAL REPORT 2009-10

21 September, 2010

Mr President,
Ladies and Gentlemen Members of Honour,
Ladies and Gentlemen Presidents of Federations,
Ladies and Gentlemen attendees of the Congress,

I am pleased to submit for your approval the profit and loss account and the balance sheet for the financial year ending on 30 June, 2010, as well as the proposed budget for the financial year July 1, 2011, to June 30, 2012.

You will recall that this financial year 2009-10 has been reduced from 12 months to 9 months in order to adjust our financial cycle to conform to the decisions of the Palermo congress. I hope this document helps you understand the balance sheet and the profit and loss account.

1. PROFIT AND LOSS ACCOUNT

SUMMARY

The profit and loss accounts for the financial period submitted for your approval show a excess of income over expenditure of CHF374,900.

After taking account of the funds assigned to the special long-term reserve, the excess of expenditure over income was CHF 661,100.

These balances are CHF 38,825 better than budgeted, with both expenditure and income slightly above budget.

The significant decline in the value of the euro against the Swiss Franc (CHF), our bookkeeping currency (and thus a reduction in the CHF value of the euros in our bank account) resulted in a major item on the expenditure side but this was considerably offset by budget under-spends, in particular on personnel, the PDC and media.

EXPENDITURE

- 1) Depreciation, **CHF 54,138**; below budget.
- 2) Personnel costs: **CHF 741,669**; 13% below budget due to a reduction of one in staff numbers and transfer of some tasks to subcontractors (see below).
- 3) Office costs, **CHF 287,700**, 13% over budget, due to some personnel costs transferred to subcontracting (translating and the new Sports Event Manager).
The main categories are:

Office rental	CHF 58,733
Fees	CHF 36,356
Translation services	CHF 31,741
Insurance	CHF 25,876
Postal and telecommunications	CHF 24,829
Maintenance and repair	CHF 16,543
Other subcontracted services	CHF 16,440
Sports event manager	CHF 16,124
Travel	CHF 14,144
Purchases	CHF 13,077
Duty and tax	CHF 12,859
Other rental	CHF 5,857
- 4) Junior/Cadet World Championships – at **CHF 117,502**, 17.5% over budget – hotel and travel costs greater than expected.
- 5) Senior World Championships in Antalya plus the Veterans' Championships in Moscow – **CHF 117,687**, 22% below budget – prices below levels expected.

- 6) Masters, Grand Prix and Zonal Championships: **CHF 84,722**, much below budget due to reduced Grand Prix video refereeing costs – originally budgeted to include épée competitions, which were ultimately excluded - and below anticipated costs for representation at Zonal Championship.
- 7) Palermo Congress and Baku General Assembly – **CHF 110,785**, 11% over budget, largely above-expected General Assembly costs.
- 8) Central Office (‘Bureau’) and Executive **CHF 181,814**, 24% below budget.
- 9) Commissions, **CHF 112,126**, 87% over budget, largely due to the holding of supplementary Rules and Legal Commission meetings and a special meeting on transparent masks :-
- Refereeing, 2 meetings. **CHF 48,261**
 - Discipline; No activities. **-**
 - Legal. One unbudgeted meeting . **CHF 15,372**
 - SEMI. No meeting, limited sundry expenses. **CHF 2,211**
 - Medical/doping. Attendance at Conferences and out-of-competition dope testing. No meeting, **CHF 15,257**
 - PP. No meeting. **-**
 - Rules. One unbudgeted meeting. **CHF 19,072**
 - Special Commission. One unbudgeted meeting. **CHF 11,953**
- 10-17) Development plan, NF/CONF (PDC) – **CHF 2,490,877**, 18% under budget. This is due to:-
- a 22% under-run on equipment aid, due to very late and/or absence of requests from the confederations.
 - a 11% under-run on courses for coaches, due to the reduction in course duration from 8 weeks to 5 weeks.
 - Under-spend on the contingency set aside for reimbursement of federation costs for the cancelled Kuwait Grand Prix/team World Cup competition.
 - Withholding of the general grant to the Panamerican Confederation.
 - Absence of a pre-World Championship training camp at Antalya.
- 18) Revue - at **CHF 170,166**, 13% over budget, due to increases in postal costs.
- 19) Media, **CHF 76,048**, below budget due to the deferral of anticipated projects to 2010-11.
- 20) Adjustments in currency values, **CHF 1,200,368**. This unrealised loss results from the slump in the value of the euro against the Swiss Franc (CHF), our bookkeeping currency, and thus a reduction in the CHF value of the euros in our bank account. Over half of this drop occurred between 5 May and 30 June.
- 21) Exchange losses, **CHF 36,866**, above budget.
- 22) Financial costs, **CHF 12,232** - bank charges, below budget.
- 23) Provisions and losses, **CHF 5,055**. An adjustment in the provision for debtor federations.

INCOME

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| 1) Gifts: the President’s gift. | CHF 3,880,000 |
| 2) President’s gift destined for the long-term reserve.. | CHF 1,036,000 |
| 3) Annual membership fees, as budgeted. | CHF 50,325 |
| 4) Organisation fees (World Cup competitions), slightly below budget due to cancellations. | CHF 188,000 |
| 5) International licences. Marginally above budget. | CHF 267,615 |
| 6) Referee exam entry fees; slightly above budget. | CHF 16,050 |
| 7) Revue sales and advertising, on target. | CHF 37,143 |
| 8) Sponsorship; on budget. | CHF 166,261 |

9) World Championship TV rights plus internet rights.	CHF 25,312
10) IOC Programme for development.	CHF 53,606
11) Interest, significantly below budget due to the continuation of extremely low interest rates.	CHF 47,422
12) Other receipts: 18% over budget. Predominantly piste homologation fees and fees for late entry of fencers for competitions.	CHF 48,496
13) Release of provision (unbudgeted) against exchange rate gains	CHF 315,000
14) No income this year	
15) Income from previous years; cancellation of provisions for legal and other liabilities on resolution of these issues	CHF 43,425
16) No income this year	
17) Surplus. The excess of income over expenditure for the year was:	CHF 374,900
This is CHF 38,825 above budget.	
After taking account of the funds assigned to the special long-term reserve, the excess of expenditure over income is CHF 661,100 .	

2: BALANCE SHEET

SUMMARY

Our balance sheet is correctly placed to maintain the long-term reserve requested and supported by the President and, with the income and expenditure budgeted over the forthcoming period, to balance our books through the Olympic cycle.

ASSETS

Fixed assets

- Office and computer equipment - The gross value of this equipment reflects an increase of **CHF 121,774**. Our redesigned website and the development by Swiss Timing of our portal and video You Tube account for the bulk of this investment.
- Office furniture – increase in gross value of **CHF 1,308**.
- Sporting equipment – no change to the gross value.
- General equipment – increase in gross value of **CHF 7,755**, with the purchase of a new telephone system.
- Other fixed assets - no change to the gross value.

Deposits and guarantees – a decrease in gross value of CHF 3,840.

Circulating assets

- Debtor federations. At **CHF 95,418**, a major increase over 2008-9, probably largely due to the moving forward of the end of the financial year to near to the end of the main competitive season. The provision against this sum has been increased by CHF 5,055 to **CHF 8,529**.
- Accrued income (*Produits à recevoir*), **CHF 107,187**, which represents payments owed to the FIE. Most of this has now been received.
- Other clients, **CHF 38,165** - payments due for invoices issued during the last financial year, the majority consisting of CHF 20,000 of television rights, CHF 5,750 for advertising in our magazine and CHF5,000 for website advertising.
- Prepayments (*Charges payées d'avance*), **CHF 266,412**: Main categories were:-

Singapore Youth Olympics	CHF 122,041
Paris World Championships	CHF 47,947
Courses, schools	CHF 32,871
Social security charges	CHF 23,946
Insurance	CHF 12,542
Maintenance and guarantees	CHF 8,035

Office rents	CHF 6,485
Computer equipment	CHF 4,508
Annual subscriptions	CHF 3,790

- 5) Sundry debtors: **CHF 52,615**, relates to tax paid in advance.
- 6) Banks and cash: **CHF 12,784,092**, of which CHF 11,371,371 represents the long term reserve that the President wished to create.

LIABILITIES

- 1) Equity (*'Fonds propres'*)

The 'capital as at 1.10' represents the FIE's financial position at the start of the financial year.

The excess of expenditure over income (CHF 661,100) is the outcome of the profit and loss account described above, excluding the receipt for the long-term reserve. This results in capital as of 30 June 2010 of CHF 1,442,532.

This is augmented by the long-term reserve of CHF 11,371,371, including receipts in this financial year of CHF 1,036,000, giving a figure for "TOTAL EQUITY" of **CHF 12,813,903**.

- 2) The provision against potential loss of gains of CHF 315,000 resulting from changes in the exchange rates of our bank accounts has been removed.
- 3) Creditors and accruals (*Fournisseurs et Charges à payer*) totalled **CHF 501,862** of which the bulk was:
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|--------------------------|-------------|
| Equipment aid | CHF 200,803 |
| Video refereeing | CHF 166,878 |
| Singapore Youth Olympics | CHF 29,010 |
| Tax and social security | CHF 20,050 |
| Computer Equipment | CHF 15,385 |
| Provisions | CHF 14,500 |
| Fees | CHF 13,535 |
| Sub-contracting | CHF 9,732 |
| Travel | CHF 7,821 |
| The Revue | CHF 5,962 |
| Courses/schools | CHF 4,784 |
- 4) Social security creditors, **CHF 14,726**.
- 5) Deferred income (*Produits encaissés d'avance*) – **CHF 191,099:-**
Income for the 2010-11 financial year received before the end of June, of which the great majority was:
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|--|-------------|
| Youth Olympics, mainly IOC contribution to travel/hotels | CHF 160,140 |
| 2010-11 FIE subscriptions/organising rights | CHF 20,337 |
| Advertisements in the Revue | CHF 6,976 |
- 6) Other creditors - VAT payments, **CHF 15,500**.

May I thank our administrative staff who, under the direction of our CEO, Mme Nathalie Rodriguez M.-H., have handled the administration of our finances with great efficiency and patience.