

FINANCIAL REPORT 2010-11

2 September, 2011

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, 2011, as well as the proposed budget for the financial year July 1, 2012, to June 30, 2013.

You will recall, comparing this year with last, that the financial year 2009-10 was reduced from 12 months to 9 months in order to adjust our financial cycle, whereas the 2010-11 financial year covers 12 months.

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 CHF 2,785.

These balances are CHF 122,285 better than budgeted, with both expenditure and income above budget.

This successful financial result is entirely due to the generosity of the president's donation fund, which, in the face of the euro and dollar crises, contributed US\$ 1.5 million more than budgeted to offset the severe declines in the value of the euros and US dollars in our accounts when measured in Swiss Franc (CHF), our bookkeeping currency.

EXPENDITURE

- 1) Depreciation, **CHF 95,777**; below budget.
- 2) Personnel costs: **CHF 944,307**; 18% below budget due to staff vacancies (now filled) and transfer of some tasks to subcontractors (see below).
- 3) Administrative costs, **CHF 594,808**, 59% over budget (but below the forecast presented at the Moscow Congress), due to some tasks handled through subcontractors (translation, chief financial officer and, for most of the year, the Sports Event Manager).

The main categories are:

Chief financial officer	CHF 100,000
Sports event manager (including travel expense)	CHF 91,548
Office rental	CHF 78,970
Other subcontracted services	CHF 71,980
Fees	CHF 60,638
Insurance	CHF 30,135
Purchases (incl. Medals)	CHF 30,053
Postal and telecommunications	CHF 28,000
Translation services	CHF 25,132
Maintenance and repair	CHF 21,900
Duty and tax	CHF 11,341
Travel	CHF 10,981
Computer installation	CHF 10,531
Other rental	CHF 8,864

- 4) Moscow Congress – **CHF 120,535**, 21% over budget.
- 5) Central Office ('Bureau') and Executive - **CHF 242,114**, 24% below budget.
- 6) Commissions - **CHF 235,003**, 16% under budget:-

- Refereeing, 2 meetings. **CHF 36,501**
- Discipline; No activities. **-**

- Legal. One meeting . **CHF 12,729**
 - SEMI. One meeting. **CHF 22,438**
 - Medical/doping. Sportaccord anti-doping management services, out-of-competition dope testing and anti-doping promotion (CHF 44,321).
One commission meeting (CHF 14,396), **CHF 58,717**
 - PP. One meeting. **CHF 21,468**
 - Rules. Two meetings. **CHF 33,820**
 - Special Commissions/Working Groups, involving:-
 - Blocking and impact times - CHF 28,136
 - Sabre gloves/protection CHF 16,089
 - Homologation - CHF 5,105**CHF 49,330**
- 7) Junior/Cadet World Championships – at **CHF 127,892**, 28% over budget, due to the special contribution the FIE offered to offset additional requirements imposed by us.
- 8) Senior World Championships in Paris plus the Veterans' Championships **CHF 158,221** in Porec –significantly below budget.
- 9) Youth Olympics - **CHF 79,229**, 21% below budget,
- 10) Grand Prix, World Cups and Zonal Championships - **CHF 179,657**, 20% over budget, due to the special support for video-refereeing offered by the FIE.
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11-17) Development plan, NF/CONF (PDC).
 Within the framework of the Confederations Development Plan, the FIE organised and financed various actions for a total expenditure of **CHF 2,380,037**. These included:
- A) Actions specific to each Confederation: Each confederation defined its own priorities within its development plan, which the FIE subsidised as follows:-
- Africa - CHF 137,405
 - America - CHF 284,285
 - Asia - CHF 189,239
 - Europe - CHF 207,471
 - Oceania - CHF 39,222
- These amounts included the FIE's subsidy for the participation of:
- 1 athlete for each national federation at the 2010 Paris World Championships
 - 1 athlete for each national federation at the 2011 Jordan J/C World Championships
 - the President of each national federation at the 2010 Moscow Congress.
- B) Other actions:
- Equipment aid – CHF 879,478
 - Schools and courses – CHF 474,024
 - Athletes training camps – CHF 147,167
 - Referees' training and exams – CHF 21,746.
- Equipment aid was received by 96 national federations, as follows
- Africa – 22 federations, to a value of CHF 212,074
 - Americas – 22 federations, to a value of CHF 218,050
 - Asia – 25 federations, to a value of CHF 223,881
 - Europe – 24 federations, to a value of CHF 208,842
 - Oceania – 3 federations, to a value of CHF 16,631
- 18) Revue - at **CHF 157,534**, 79% of budget, due to a reduced number of editions.
- 19) Media - **CHF 75,516**, below budget due to the deferral of anticipated projects to 2011-12.
- 20) Adjustments in currency value - **CHF 1,585,398**. This unrealised loss results from the slump in the value of the euro and US dollars against the Swiss Franc (CHF), our bookkeeping currency, and thus a reduction in the CHF value of the euros in our bank account. 62% of this drop occurred in the last 3 months of the financial year.
- 21) Exchange losses - **CHF 40,693**, above budget.
- 22) Financial costs - **CHF 12,009** - bank charges, below budget.

- 23) Provisions and losses - **CHF 14,755**. Adjustments in the provisions for debtor federations and Revue advertising payments.

INCOME

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| 1) Gifts: the President's gift. Includes an additional US\$1.5 million to offset the slump in dollar and euro values versus the CHF. | CHF 6,201,500 |
| 2) Additions to the long-term reserve.. | - |
| 3) Annual membership fees, close to budget. | CHF 68,400 |
| 4) Organisation fees (World Cup competitions), over budget but below 2009-10 levels due to the switch to the new calendar (8 events per category per year) . | CHF 122,100 |
| 5) International licences. 20% above budget. | CHF 246,625 |
| 6) Referee exam entry fees; below budget. | CHF 15,780 |
| 7) Revue sales and advertising, slightly below budget. | CHF 46,777 |
| 8) Sponsorship; on budget. | CHF 148,074 |
| 9) World Championship TV rights plus Internet rights. | CHF 24,167 |
| 10) IOC Programme for development. | CHF 61,645 |
| 11) Interest, significantly below budget due to the continuation of extremely low interest rates (as forecast last December) . | CHF 44,235 |
| 12) Other receipts: 18% over budget. Predominantly piste homologation fees and fees for late entry of fencers for competitions. | CHF 64,617 |
| 13) Dissolution of provisions. | CHF 1,850 |
| 14) No income this year. | - |
| 15) Income from previous years. | CHF 500 |
| 16) No income this year | - |
| 17) Surplus. The excess of income over expenditure for the year was:
This is CHF 122,285 above budget. | CHF 2,785 |

2: BALANCE SHEET

SUMMARY

Our balance sheet at end-June was satisfactory to maintain the long-term reserve requested and supported by the President and, with the income and expenditure budgeted over the forthcoming period, to protect the long-term reserve through the Olympic cycle. However, the current financial/money markets crisis makes the future situation unclear.

ASSETS

Fixed assets

- 1) Office and computer equipment - The gross value of this equipment reflects an increase of **CHF 94,325**. The development by Swiss Timing of our portal and video You Tube was the biggest item in this investment.
- 2) Office furniture – no change to the gross value.
- 3) Sporting equipment – increase in gross value of **CHF 8,200**, moulds for medals.
- 4) General equipment – no change to the gross value.
- 5) Other fixed assets - no change to the gross value.

Deposits and guarantees – a decrease in gross value of **CHF 4,500**.

Current assets

- 1) Stock (ties, scarves, flags) – **CHF19,613** in value.

- 2) Debtor federations - at **CHF 93,916**, similar to 2009-10. The provision against this sum has been retained at **CHF 6,679**.
- 3) Accrued income (*Produits à recevoir*) - **CHF 58,895**, which represents payments owed to the FIE. Most of this has now been received.
- 4) Other clients, **CHF 56,087** - payments due for invoices issued during the last financial year, the majority consisting of CHF 32,674 of internal FIE transactions between Lausanne and Moscow, etc, and CHF 21,022 for advertising in our magazine and on our website, against which a provision of CHF 10,354 has been made for potential bad debts.
- 5) Prepayments (*Charges payées d'avance*), **CHF 393,724**: Main categories were:-

PDC payments to confederations for 2011-12	CHF 159,061
Maintenance and guarantees	CHF 52,748
Congress 2011	CHF 50,964
Courses, schools, travel	CHF 43,225
Commission meetings in July	CHF 42,590
Social security	CHF 24,625
World Championships, Catania	CHF 18,315
Insurance	CHF 12,728
Office rents	CHF 6,487
Computer equipment	CHF 4,879
Annual subscriptions	CHF 3,398

Due to the falling CHF value of the dollar and euro, prepayments also includes some downwards adjustments for exchange rates, hence the above list sums to more than the total.
- 6) Sundry debtors: **CHF 35,564**, relates to tax paid in advance.
- 7) Banks and cash: **CHF 12,358,559**, 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 1.07' represents the FIE's financial position at the start of the financial year.

 Excess of income over expenditure (CHF 2,785) 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 2011 of CHF 1,445,317.

 This is augmented by the long-term reserve of CHF 11,371,371, giving a figure for "TOTAL EQUITY" of **CHF 12,816,688**.
- 2) Creditors and accruals (*Fournisseurs et Charges à payer*) totalled **CHF 339,051**, of which the bulk was:

Video refereeing	CHF 150,150
Technology development (You tube/video)	CHF 50,538
COMEX	CHF 26,818
Revue, media	CHF 26,071
Travel (including commissions)	CHF 22,135
Equipment aid	CHF 18,835
Provisions	CHF 14,500
Fees	CHF 12,725
Anti-doping	CHF 6,667
Translation	CHF 3,229
- 3) Social security, **CHF 5,423**
- 4) Deferred income (*Produits encaissés d'avance*) – **CHF 36,692**:-
 Income for the 2011-2012 financial year received before the end of June, of which the great majority was:

IOC subsidy for development	CHF 30,414
2010-11 FIE subscriptions/organising rights	CHF 2,684
Advertisements in the Revue	CHF 1,785
London 2012	CHF 1,782

5) Other creditors - VAT payments, **CHF 5,448.**

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.