Finance Director's Report – Q3 2024

**Overview**

As of 30 September 2024, the Federation reported net assets of £227,318. This represents a decrease from the previous quarter's position of £262,516, primarily driven by the substantial overspend in international competitions and other operational expenses.

**Income Performance**

For Q3, total income stood at £196,310, a notable 31.7% ahead of budget (£149,104), driven primarily by exceptionally high international entry fees and coaching courses income. Key contributors were:

- International Entry, Doping, Hotel, and Transport Fees: £110,537, well over the budgeted £35,000 (+£75,538 / +215.8%), caused by a significant number of international events in the quarter – masters worlds classic & equipped, western euro's classic & equipped, junior classic euro's, Euro muscle show, European bench press classic & equipped, junior worlds classic & equipped.

- Coaching Courses : Income was also above budget at £12,063 against a forecast of £6,250 (+£5,813 / +93%).

- Interest Income: Outperformed by £950 (+111.5%).

However, some revenue streams underperformed:

- British Championship Entry Fees: Underperformed significantly, generating only £1,651 compared to a budget of £24,941 (-£23,290 / -93.4%), this was due to no Championships taking place in the quarter. (Budget was flat across the quarters).

- Sponsorship: Came in at £10,513, significantly below budget (-50.96%).

**Operating Expenses**

Total expenses surged to £223,018, 67.6% higher than budget (£133,100), leading to a net loss of £26,709 for the quarter. Major overspend areas include:

- International Competitions: The largest expense, at £163,189, exceeded budget by £112,690 (+223.2%), due to increased travel, hotel, and entry fees for international lifters and coaches.

**International spend breakdown**

| | |
|---|---|
| Direct payment for hotel fees | 103,889.67 |
| Direct to IPF/EPF comp entry & anti doping fees | 40,293.55 |
| Direct coach expense claims (incl hotel exps) | 10,486.75 |
| Direct ref expense claims (incl hotel exp) | 8,518.75 |
| Total | 163,188.72 |

- Coaching Program Development: Overspent by £1,377 (+55.4%), due to over-spend on the re-vamp of course materials.

- UK Events: Hosting costs came in at £15,185, slightly below budget (-£3,490 / -18.7%), late recognition for expense incurred for the British masters that took place in Q2.

Several categories saw significant underspend or were not utilized:

- Affiliation Fees, Marketing, Trophies, Sport 80 Membership Portal: No spend against planned budgets.

**Balance Sheet Summary**

The balance sheet as of 30 September 2024 shows:

- Cash at bank and in hand: £291,071, down from £357,000 at the end of Q2 2024, reflecting the cash impact of August settlement of divisional rebates (£42k) and spend on intangible assets (website development £20k).

- Creditors: £143,933 due within one year, primarily consisting of accruals (mostly last year and current year drug testing fee accruals) (£57,193), divisional rebates – current year due 2025 (£43,453), and deferred income – British seniors comp entry fees deferred to Q4 and remainder of membership income deferred to Q4 (£43,287).

**Conclusion**

While Q3 saw strong income performance, particularly in international activities and coaching, the substantial overspend in international competition-related expenses has eroded profitability. The Federation is now in a net loss position of £26.7k for the quarter. I believe this to be a one off due to the significant number of internationals and record number of international competitors that took place in Q3. If international expenses did continue at this pace, it may pose financial risks in future periods, especially given that current reserves have decreased due to the investment in website development, the coaching course development and the fixed assets.

The Federation may need to reassess its international expenditure to ensure long-term financial stability, recommendation right now is to monitor Q4 carefully and put adequate administrative controls around the international entry fees, bookings and hotel management, this appears to have really been left to the head coaches to handle and the process results in a lack of transparency and I'm sure a short fall from un-collected fees and/or losses due to late booking changes, cancellations etc that the Federation has to pay for.

Despite the very high international spend in the quarter, the overall financial health of the Federation remains stable, though close monitoring is recommended in the upcoming quarter to prevent further loss-making periods.