

Finance report for National Council

This report provides an update on the financial year end of 31st March 2021, which was reviewed by the Finance and Audit committee on 28th May 2021 and approved by Board on 3rd June 2021.

Management Accounts

For the Period Ending: March 2021

	YTD - 2020/2021			Full Year	
	Actual	Forecast	Variance	Forecast	Budget
	£	£	£	2020/2021	2020/2021
Turnover					
Commonwealth Games	6,066	0	6,066	0	0
Competitions	6,544	5,514	1,030	5,514	322,930
Core Operations	2,311,704	2,297,531	14,173	2,297,531	2,484,918
Development - Coaching	19,075	31,863	(12,788)	31,863	110,660
Development - Jack Petchey	174,305	186,601	(12,296)	186,601	184,846
Development & Volunteering	43,051	27,090	15,961	27,090	28,700
Marketing & Comms	45,620	45,620	0	45,620	87,406
Mass Market	50,897	39,221	11,676	39,221	70,700
Performance	24,520	75,496	(50,976)	75,496	46,875
Schools	822	850	(28)	850	28,800
Talent	15,000	15,000	0	15,000	15,387
UK Sport - Aspirational	103,713	126,075	(22,362)	126,075	62,476
Total Turnover	2,801,317	2,850,861	(49,544)	2,850,861	3,443,698
Expenditure					
Commonwealth Games	(6,066)	0	(6,066)	0	0
Competitions	(160,805)	(149,704)	(11,101)	(149,704)	(585,635)
Core Operations	(414,580)	(384,772)	(29,808)	(384,772)	(484,355)
Development - Coaching	(88,752)	(104,265)	15,513	(104,265)	(168,346)
Development - Jack Petchey	(174,305)	(186,601)	12,296	(186,601)	(184,846)
Development & Volunteering	(523,589)	(518,835)	(4,754)	(518,835)	(555,524)
Marketing & Comms	(112,595)	(138,890)	26,295	(138,890)	(170,853)
Mass Market	(456,038)	(436,824)	(19,214)	(436,824)	(559,915)
Performance	(60,721)	(94,949)	34,228	(94,949)	(89,378)
Schools	(1,380)	(1,630)	250	(1,630)	(37,780)
Talent	(381,683)	(370,456)	(11,227)	(370,456)	(288,271)
UK Sport - Aspirational	(103,713)	(126,075)	22,362	(126,075)	(62,476)
Total Expenditure	(2,484,227)	(2,513,001)	28,774	(2,513,002)	(3,187,381)
Overheads	(292,655)	(246,795)	(45,860)	(246,795)	(240,476)
Controllable EBITDA	24,435	91,065	(66,630)	91,064	15,842
Profit/Loss on Disposal of Fixed Assets	0	0	0	0	0
Depreciation/Amortisation	(22,933)	(25,383)	(820)	(25,383)	(18,000)
Surplus/(deficit)	1,502	65,682	(64,180)	65,681	(2,158)



Profit and Loss Summary

It's been an incredibly difficult year with so much uncertainty, which made forecasting accurately quite challenging. I have provided some information below, regarding the final year end position which is recorded as a surplus of **£1,502**.

Competitions – due to all competitions having been cancelled, all competition entry income previously received was deferred to 21/22 or refunded. The expenditure for competitions is predominantly staff costs, along with some costs for British League. This included an adjustment for deposits held at year end, as well as the rebate offered for the prior year entries.

Core Operations – We saw savings from rent, staff expenses and virtual meetings for committees. Although we did have increased legal and governance costs. A balancing adjustment was also required for Sport80 fees.

Although membership income generated for the year was £223,344 (prior year 19/20 this was £406,847) there was £75k of this deferred to 21/22, but approximately £134k bought forward from 19/20. This meant for the year £286,846 was recognised as membership income.

Despite the reduction in membership income, where possible, we also managed to utilise the HMRC furlough scheme for those staff roles that were not funded by Sport England or UK Sport, as long as it didn't impact on the needs of the business to be able to support all of our members. At the end of the financial year the value we had received was £108,838 from the Coronavirus Job retention scheme. Without this additional support, we would have faced a considerable deficit for the year ending 31st March 2021 and would have probably had to consider redundancies.

Although the scheme has been extended into 21/22, the majority of previously furloughed staff have now returned to work full time.

MASS Market – There has been more income and expenditure in the year than previously forecasted, partly due to the discounted table tennis product options to promote and support to the wider community and encouraging them to stay active at home.

Talent and Performance – Due to the impact of Covid-19 some expected year end expenditure for overseas competitions was postponed. This meant that we expected the Talent Exchequer funding to be underspent by £30k. It was agreed with Sport England that we would carry this forward into 21/22. The reduction in income is reflected in Operations, as this is where the Sport England grant is recognised.

There was also an underspend in the UK Sport Aspiration funding for similar reasons, which meant that £24k was also carried forward to 21/22, with the agreement of UK Sport.

We received some funding in the year for DiSE, which covers the period April to July, so this was deferred to 21/22 and the income adjusted (£7k).

Development – The majority of programme delivery has remained unchanged; however, due to restrictions we have been unable to complete or in some cases start some of the coaching courses. This means we have had to defer some income into next financial year (£11.8k), when the expenditure will be incurred once courses resume. There was also an adjustment for 3-year coach licences purchased in the year (£3k). There was a stock adjustment made for TTKidz equipment, which increased the expenditure above the previously forecasted year end spend.

Annual Audit

The annual audit was conducted again remotely this year by Haysmacintyre, who presented their audit findings report to Finance committee on 28th May. They issued an “Unqualified opinion” on the financial statements, which is the optimum result. They also commented on how smoothly the audit was conducted and that we are one of the first NGB’s to have completed our annual audit. They recommended that we review our fixed asset register for any old equipment that is fully depreciated and we no longer own, so they can be removed.

Financial impact on 21/22

As previously reported the budget for 21/22, which was approved by Board is forecasting a deficit of circa **£63k**, however this is based on membership renewals remaining the same as 20/21, which was 54% compared to the previous year. It is worth noting that due to reduced membership renewals in 20/21, we haven’t deferred as much membership income that we normally would, which means the membership income bought forward for 21/22 is £60k lower compared to the prior year.

Please see below a top line summary of the 21/22 budget

Income		Expenditure	
Sport England (inc Talent c/f)	1,981,241	Coaching	(154,662)
Other	1,108,216	Competitions	(574,066)
Commonwealth Games	126,877	Development	(550,890)
UK Sport Progression	337,500	Marketing	(166,932)
Total Income	<u>3,553,834</u>	Mass	(502,477)
		Operations	(651,742)
		Schools	(12,785)
		Performance	(118,464)
		Talent	(429,396)
		Progression	(332,323)
		Commonwealth Games	(123,970)
21/22 Net Surplus/(Deficit)	<u>(63,873)</u>	Total Expenditure	<u>(3,617,707)</u>

It’s very likely that we will still see a reduced level of membership compared to 19/20 figures, maybe not as much as 46%. Therefore, as an indication of a change in membership numbers, based on 19/20 members, an average 10% swing in paid renewals is equivalent to approximately £40,700.

Currently the planned income and expenditure as budgeted for the year so far is as expected, however if government restrictions change due to the pandemic, we may see a reduction in income and expenditure. It is currently too early to provide reporting for Q1.

Membership offerings for 21/22

As you will be aware, we either offered a 15-month membership for those members that didn't renew in 20/21 or the opportunity to request a discount of either £8 (Senior) or £4 (Junior & Cadet) on their 21/22 renewal, if they were one of the 54% of members that renewed last year.

The following table shows the current membership renewals as at the end of day on 8/06/2021. These are members that didn't renew in the 20/21 season, so are not eligible for a discount when renewing, but rather have opted for the 15-month membership.

Membership renewals since 1st April 2021 (Renewals from 1st May are valid until 31st July 2022)					
Membership Count	Apr-21	May-21	Jun-21	Jul-21	2021/22
Compete Plus - Cadet & Junior	11	18	5		34
Compete Plus - Senior	4	25	10		39
Compete - Cadet & Junior	8	28	3		39
Compete - Senior	8	111	21		140
	31	182	39	0	252
Membership Revenue	Apr-21	May-21	Jun-21	Jul-21	2021/22
Compete Plus - Cadet & Junior	£ 209	£ 342	£ 95	£ -	£ 646
Compete Plus - Senior	£ 152	£ 950	£ 380	£ -	£ 1,482
Compete - Cadet & Junior	£ 64	£ 224	£ 24	£ -	£ 312
Compete - Senior	£ 128	£ 1,776	£ 336	£ -	£ 2,240
	£ 553	£ 3,292	£ 835	£ -	£ 4,680
Payment fees (Sport80/Stripe)	£ 44	£ 263	£ 67	£ -	£ 330
Amount reflected in 21/22	£ 369	£ 2,195	£ 557	£ -	£ 3,120
Amount deferred to 22/23	£ 184	£ 1,097	£ 278	£ -	£ 1,560

We decided to ask members that are eligible for a discount to complete a request form as soon as possible. This enables us to verify eligibility, but also get an indication of what the financial impact may be in advance and allows us to make adjustments to the financial forecast as necessary.

Those members that have completed a discount request form at the same date as renewals above is on a table on the following page.

	Apr-21	May-21	Jun-21	Jul-21	Totals	% of prior year
Membership Refunds requested						
Compete Plus - Cadet & Junior	12	8	1		21	4%
Compete Plus - Senior	30	24	1		55	8%
Compete - Cadet & Junior	12	3	1		16	1%
Compete - Senior	315	275	40		630	6%
	369	310	43	0	722	5%

	Apr-21	May-21	Jun-21	Jul-21	Totals
Membership Refunds requested					
Compete Plus - Cadet & Junior	£ 48	£ 32	£ 4	£ -	84
Compete Plus - Senior	£ 240	£ 192	£ 8	£ -	440
Compete - Cadet & Junior	£ 48	£ 12	£ 4	£ -	64
Compete - Senior	£ 2,520	£ 2,200	£ 320	£ -	5,040
	£ 2,856	£ 2,436	£ 336	£ -	£ 5,628

As you will see from the above table, overall only **5%** of members have requested a discount so far.

Finance committee will receive a monthly update on the above tables, so we have visibility about the financial impact of renewals and discount requested.

It is worth noting that the 21/22 budget does not include the discount, as we don't know for certain what the uptake will be, but the uptake for the licence refund we previously offered, was minimal.

We will continue to monitor the level of membership renewals, as well as requests for the renewal discount and if necessary, adjust expenditure accordingly. The scenario planning continues to be reviewed based on government guidelines while restrictions are still in place and is reviewed by the executives and the finance committee on a regular basis.