



**Report by Robert CLIPSHAM Executive Director Finance
to the 106th General Conference
Antalya, 19-20 October 2012**

Dear Delegates, Mr. President, Ladies and Gentlemen,

I am reporting on financial matters to the 106th Annual General Conference under FAI Statutes 4.2.3 and 6.2.1.4 as Executive Director Finance and for the Executive Board under Statute 4.2.2.4 and 4.2.2.5 which is jointly responsible to General Conference for all decisions made and financial and accountancy matters taken between General Conferences.

This report covers the following three items appearing as Agenda item 6 FAI Finances:

6.1) The 2011 Report by the Statutory Auditors, including the Balance sheet, Statement of Income and Expenditure and the operations of the Commissions.

6.2) The Financial Situation at 31 August 2012

6.3) Approval of Auditors for 2013

A summary of the significant accounting policies are set out on pages 5 and 6 in the FAI's Report of the Statutory Auditors 2011 prepared by PricewaterhouseCoopers signed 24 August, 2012 as required by Statute 7.5.1. and in Annex 3.

6.1) 2011 BALANCE-SHEET AND AUDITORS REPORT

2011 Financial Statement

The FAI operations are denominated in CHF.

1.1. Income

The total income is **CHF 30,485 less** than budget. The incomes are shown on page 4 of the auditor's report.

1.1.1. 2011 Subscriptions

Realized subscriptions for 2011 were CHF 1 163 273 (CHF 1 007 892 in 2010).

1.1.2. Competition Revenues

The revenue was CHF 166,578 less than budget.

1.1.3. Commercial Revenues

The revenue from sponsorship was CHF 74,016 less than budget.

1.1.4. Financial Income

As set out in note 6, interest and dividend and late penalties being CHF25,594 less than budget.

The total income is CHF 1 614 077, which includes income from Europe Air Sports. Excluding the EAS income, the income is CHF 186,982 less than budget.

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1.2. **Expenditure**

The expenses are grouped and provide a comparison to 2010 except for the expense categories that were not included in the 2010 financial statement. The total expenditure is CHF 80,284 greater than budget. The expenditures are shown on page 4 of the auditor's report.

1.2.1. **Salaries and charges**

The CHF 840,703 is CHF53,997 less than budget which reflects a reduced staff level for part of the year.

1.2.2. With reference to Europe Airports, according to the MOU with FAI, the FAI invoices and collects the payments of the Subscription Fees for Europe Airports Members. These funds are then directly transferred to the Europe Airports account. The FAI bears no other financial responsibility towards Europe Airports.

1.2.3. EAS has taken a decision, that commencing in January 1, 2012, EAS will invoice the subscription fees directly to EAS Member NAC's.

1.2.4. Provisions have been utilized for New Branding CHF10 832, Data Base CHF14 800, Moving to MSI CHF 29 305, and for Web Site Development CHF 58 734.

1.2.5. The RBAR contract is on standby and therefore there are no Safety and Supervision expenses.

The total expenses are CHF 1 782 184 which includes payments to Europe Air Sports. The realized expense excluding EAS is CHF 1,625,685 and is CHF76, 215 less than budget.

The excess of income over expenditure for Sports Operations is a gain of CHF 9 134 and for HO Operations a loss of (CHF 177 240) resulting in a total loss of (CHF168 107).

Compared to the 2011 projected Budget deficit of CHF (57 340) this is an increased deficit of CHF (110,767).

The exchange rate gain in the Development and Innovation Fund (DIF) of CHF 27 remains in the DIF for 2011 as set out in note 4.

The Operating fund balance at the end of the year is CHF 610 959.

1.3. **FAI 2011 Reserves**

The Contributions to FAI Reserves to December 31 2011 are shown on page 8 of the auditor's report and include the contributions from Air Sport Commissions, World Air Games, Olympic Movement Fund and World Grand Prix of Aviation.

The individual balances at January 1 and December 31 and the relevant movements during the year 2011 are shown.

1.3.1. **FAI Air Sport Commissions**

The balance of the Air Sport Commission contributions to the FAI Reserves at 31 December 2011 is CHF 998 201, which is a decrease in contributions of CHF 1 417 over the January 1 2011 balance of CHF 999 617.

Now appearing on this statement of reserves, as a consequence of the consolidation of the operations in the Financial Statement, are CANS, CIEA and CIMP.

1.3.2. **World Air Games**

The movement in the fund reflects the final cost of depreciation in respect of technical materials received in connection with the finalizing of contract details from the World Air Games in Torino, the balance in the WAG reserve is **CHF 281 285** at the end of 2011.

1.3.3. **Olympic Movement Fund**

The balance in the fund is **CHF 158 622** at the end of 2011, reflecting the USD 20'000 payment received from IOC.

1.3.4. **World Grand Prix of Aviation**

During 2011, no funds were received. The balance at the end of the year was **CHF 100 931**.

1.4. **Balance sheet**

The Balance sheet at December 31, 2011 is shown on page 2 of the FAI's Auditors report.

1.4.1. **Assets**

The Current cash assets of **CHF 2 490 063**, were held in Credit Swiss, in accounts suited for FAI's operations. Available funds are interest bearing deposits.

The assets include payments in connection with the purchase of the MSI office. **Total current and fixed assets are CHF 4 638 096.**

1.4.2. **Liabilities and funds**

The current liabilities and funds including the Special Reserves, MSI acquisition, Development and Innovation Fund and the Operating funds are adequately provided for in the Assets. The Development and Innovation Fund is CHF 541 469, as set out in note 4.

Mr. President,

In concluding my report on the 2011 Financial Statement, I note that the Financial Statements have been reviewed by the Executive Board, I ask you, Mr. President, to submit the Accounts of 2011 to the General Conference for approval, as set out in Statute 3.4.1.3.

6.2) FINANCIAL SITUATION AT 31 AUGUST 2012

The Financial Situation at 30 June 2012 gives an indication of the expected result for the year ending December 31, 2012.

The operations are recorded up to the end of June. Extensive development of the software currently in use to adapt it to meet the requirement for the consolidation has taken an unexpected amount of staff time. Comparisons to the 2012 Budget are shown.

The operations to the end of August are estimated and a comparison to the 2012 budget is shown.

2.1. Income

At the end of August, 87% of the subscriptions are paid, including arrears. We are on budget. The Air Sport Commissions operations will be completed later in the year.

2.2. Expenditure

The realized expenses to 31 August are comparable to the budget.

There are expenditures to be completed in the remaining months of 2012 and therefore the accounts at August 31 are not indicative of the expected results at December 31, 2012

Despite the difficult economic times and considering the world financial situation, we are anticipating a result at the end of the year 31/12/12 similar to the 2012 budgeted amount CHF -21,455.

Mr, President, these are my comments on the 2012 accounts.

6.3) Appointment of Auditors for 2013

Mr. President I have a MOTION for the appointment of the FAI Auditors for 2013 as required by Statute 7.5.1

That Price Waterhouse Coopers be appointed the auditors for 2013 and that the Executive Board is authorized to set the remuneration.

Mr. President; I appreciate the work of the ASC Financial Secretaries to manage the sporting financial operations. I wish to give special thanks to the FAI office staff in their work on financial matters and in particular to Ms. Cosette MAST, who, under the direction of Jean-Marc BADAN, carried out the financial management.

Robert CLIPSHAM
FAI Executive Director Finance