

World Sailing Limited

Accounts for Q1 2021 (Excluding WS Investment Trust and World Sailing Trust)

(Actual to Mar 2021)

Consolidated Management Accounts

World Sailing Limited

Q1 results to 31 March 2021

Main Highlights

Net surplus for the Q1 2021 was £452K against budget of £382K, generating a positive variance of £69K.

Net cash at the end of March 2021 was £1.7M, up from £1.1M at the beginning of January 2021. Current balance includes £450K (\$620K) final installment of the loan from IOC. Due to negative movement in FX rate, actual GBP conversion is £41K lower.

Income (Actual £1.24M, Budget £1.34M, Negative variance -£106K)

Net negative budget variance is partly due to timing difference. Sanction fees of £72K due in Q1 was received in April £72K. In addition there is no provision in Q1, for revenue share income budgeted at £18K, due to late reporting partners.

E-Sailing MNA revenue below budget by £14K, also due to timing differences. At least 2 other MNA's are expected to come on board in April.

Direct Costs (Actual £105K, Budget £296K, Positive variance £191K)

Direct Costs for the Q1 were below budget by £80K due to postponement of events. Budgeted spend for World Cup series deferred to October 2021. However, the planned final in Enoshima is not likely to take place in May/June, which is expected to reduce costs by £170K in Q2.

Budgeted spend on Sustainability programme £18K- deferred to Q2/Q3

A provision of £20K was made for Legal costs incurred to date in relation to Ethics Commission and Judicial board cases. These costs have been allocated against budget originally allocated to Governance Commission of £30K and £3K for Ethics Commission. Further costs expected of £41K in Q2, which will mean projected costs will be above budget by £36K.

Other cost savings from cancellation of in-person board meetings in Q1 £17K; IOC/Committee/ASOIF meetings £15K. Timing differences for deferred costs - Marketing and Branding £19K, Delayed IT spend re: Olympic Games £20K.

The Website development project costs of £122K were capitalised and Maintenance costs of £53K were expensed under Direct costs.

Administration Costs (Actual £680K, Budget £664K, Negative variance -£15K)

Costs are in line with budget with savings in office expenses.

Following income and costs were not budgeted:-

- £9K Income from Job retention scheme government grants
- £12K Realised/Unrealised FX losses
- £6K Offsite storage
- £17K Depreciation cost provision

World Sailing Limited
Consolidated Profit and Loss (Summary)
For the 3 months ended 31 March 2021

| Account | Actual | Budget | Variance |
|--|------------------|------------------|------------------|
| Turnover | | | |
| Income | 1,236,042 | 1,342,512 | (106,470) |
| Total Turnover | 1,236,042 | 1,342,512 | (106,470) |
| Cost of Sales | | | |
| Direct Costs | 104,729 | 295,580 | 190,851 |
| Total Cost of Sales | 104,729 | 295,580 | 190,851 |
| Gross Profit | 1,131,313 | 1,046,932 | 84,381 |
| Administrative Costs | | | |
| Employment Costs | 458,512 | 474,827 | 16,315 |
| Overheads | 191,941 | 189,616 | (2,325) |
| Currency Gains & Losses | 12,035 | 0 | (12,035) |
| Depreciation Expenses | 17,196 | 0 | (17,196) |
| Total Administrative Costs | 679,684 | 664,443 | (15,241) |
| Operating Profit | 451,629 | 382,489 | 69,140 |
| Profit on Ordinary Activities Before Taxation | 451,629 | 382,489 | 69,140 |

Consolidated Balance Sheet
(Excluding WS Investment Trust and World Sailing Trust)

As at 31 March 2021

| | 31 Mar 2021 | 31 Dec 2020 |
|--------------------------------------|--------------------|--------------------|
| Assets | | |
| Bank | | |
| Bank accounts and cash | 1,679,942 | 1,122,203 |
| Total Bank | 1,679,942 | 1,122,203 |
| Current Assets | | |
| Accounts Receivable | 194,297 | 901,799 |
| Provision for Doubtful Debts | (18,487) | (18,487) |
| Accrued Income | 14,627 | 63,871 |
| Inventory | 7,559 | 0 |
| VAT | 66,007 | 21,886 |
| Prepayments | 301,144 | 328,597 |
| Total Current Assets | 565,147 | 1,297,666 |
| Fixed Assets | | |
| Net Book Value | 350,092 | 364,887 |
| Website | 187,753 | 65,886 |
| Total Fixed Assets | 537,846 | 430,774 |
| Total Assets | 2,782,934 | 2,850,643 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | 489,622 | 617,864 |
| Accruals | 483,004 | 452,530 |
| Deferred Income | 547,345 | 1,386,431 |
| Payroll and Other liabilities | 62,009 | 78,500 |
| Total Current Liabilities | 1,581,980 | 2,535,324 |
| Non-Current Liabilities | | |
| Long Term Loans | 2,249,115 | 1,815,108 |
| Deferred Tax | 36,150 | 36,150 |
| Dilapidation provision | 11,754 | 11,754 |
| Total Non-Current Liabilities | 2,297,019 | 1,863,012 |
| Total Liabilities | 3,878,998 | 4,398,336 |
| Net Assets | (1,096,064) | (1,547,693) |
| Equity | | |
| Current Year Earnings | 451,629 | (429,693) |
| Retained Earnings | (1,547,693) | (1,118,000) |
| Total Equity | (1,096,064) | (1,547,693) |

World Sailing Limited

Reforecast Profit and Loss and Cashflows for 2021 and 2022

(Actual to Mar 2021)

World Sailing Limited and World Sailing (UK) Limited
(Excluding WS Investment Trust and World Sailing Trust)
Consolidated Profit and Loss reforecast (Actual to Mar 2021)

SUMMARY

The reforecast is based on actual results for Q1 2021 and updated forecast assumptions where required for the rest of the financial year and for 2022.

Net Surplus

Net surplus forecast is £720K for 2021 (£126K above budget) and £141K for 2022 (£347K below budget). Negative variance for 2022 relates to Administration costs. Significant variances are explained below.

Income - Income increased by £77K in 2021 and £21K in 2022

Deferred Income in 2020 from IOC development Fund of £97K had not been included in the budget for 2021. The reforecast now includes part release of funds to cover the cost of development programmes.

Direct costs - Cost savings of £247K in 2021 and £17K in 2022

Cancellation of final World Cup Series in Enoshima is expected to generate savings of £170K in 2021. Further savings in Q1 and Q2 due to lockdown. Actual direct costs for Q1 2020 were £190K below budget.

Management is currently reviewing the forecast for Tokyo 2020, any changes to be incorporated in the next forecast.

Administration costs -over-budget costs of £129K in 2021 and £316K in 2022 (Excluding depreciation)

Employment costs, which include Contractors, are expected to be above budget by £59K in 2021 and £62K in 2022. The reforecast includes the cost of new Business Development consultant in China and a Consultant assisting the Legal team due to shortage of resources within the department.

The forecast for 2022 now includes the cost of full rent and business rates, which is £192K over budget. It was previously assumed that the London office would be sublet by end of 2021. However, due to the lockdown, the demand for office space has contracted significantly and tenants are demanding significant incentives to sublease properties. Management now estimate a minimum of 12 months rent-free incentive for any incoming sub-tenant and so have revised the forecast for 2022 accordingly.

Other overheads are expected to exceed budget by £58K in 2021 as a result of underbudgeted costs in IT, Offsite Storage and Software licences.

We have not made any provision for further FX losses.

Cashflow forecast:

Based on our latest forecast, we do not need to borrow additional funds from WS Investment Trust in 2021 or 2022, although the facility remains available to us.

Closing cash at 31 Dec 2021 of £9.3M is £477K above budget, some of which is generated from savings highlighted above and other changes result from a detailed review of the estimated timing for receipts and payments.

World Sailing Limited
Consolidated Profit and Loss reforecast (Actual to Mar 2021)
Comparison to Budget

| Account | Reorecast 2021 | Reorecast 2022 | Budget 2021 | Budget 2022 | Change 2021 | Change 2022 |
|-----------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Turnover | | | | | | |
| Income* | 5,589,471 | 5,742,386 | 5,512,188 | 5,721,678 | 77,283 | 20,708 |
| Total Turnover | 5,589,471 | 5,742,386 | 5,512,188 | 5,721,678 | 77,283 | 20,708 |
| Cost of Sales | | | | | | |
| Direct Costs | 2,024,558 | 2,652,517 | 2,271,667 | 2,669,561 | 247,109 | 17,044 |
| Total Cost of Sales | 2,024,558 | 2,652,517 | 2,271,667 | 2,669,561 | 247,109 | 17,044 |
| Gross Profit | 3,564,914 | 3,089,869 | 3,240,521 | 3,052,117 | 324,393 | 37,752 |
| Administrative Costs | | | | | | |
| Employment Costs | 1,928,023 | 2,024,087 | 1,869,130 | 1,962,586 | (58,893) | (61,501) |
| Overheads | 836,340 | 855,997 | 777,943 | 601,896 | (58,397) | (254,101) |
| Currency Gains & Losses | 12,035 | 0 | 0 | 0 | (12,035) | 0 |
| Depreciation Expenses | 68,904 | 68,944 | 0 | 0 | (68,904) | (68,944) |
| Total Administrative Costs | 2,845,301 | 2,949,027 | 2,647,073 | 2,564,482 | (198,228) | (384,545) |
| Operating Profit | 719,612 | 140,842 | 593,448 | 487,635 | 126,164 | (346,793) |

* for accounting purposes, Tokyo2020 income is recognised equally over 2021-2024

Consolidated Balance Sheet forecast (April 2021)

World Sailing Limited

(Excluding WS Investment Trust and World Sailing Trust)

| | Reforecast 31-Dec-22 | Reforecast 31-Dec-21 | Actual 31-Dec-20 |
|--|-------------------------|-------------------------|---------------------|
| Fixed Assets | | | |
| Website | 187,753 | 187,753 | 65,886 |
| Fixed Assets | 229,441 | 298,384 | 364,887 |
| Total Fixed Assets | 417,194 | 486,138 | 430,774 |
| Current Assets | | | |
| Debtors | 22,620 | 1,246,281 | 883,312 |
| Cash at bank and in hand | 7,794,754 | 9,318,174 | 1,122,203 |
| Accrued Income | (0) | (0) | 63,871 |
| Inventory | 7,559 | 7,559 | 0 |
| Prepayments | 193,184 | 195,059 | 328,595 |
| Total Current Assets | 8,018,117 | 10,767,073 | 2,397,981 |
| Creditors: amounts falling due within one year | | | |
| Accounts Payable | 330,899 | 330,899 | 617,864 |
| Accruals | 305,411 | 360,358 | 452,530 |
| Taxes | (21,794) | (21,794) | (21,886) |
| Deferred Income | 7,051,624 | 9,504,110 | 1,386,431 |
| Credit cards | 0 | 0 | 3,070 |
| Payroll & Other | 62,009 | 62,009 | 75,428 |
| Inter-company Balances | 0 | 0 | 0 |
| Total Creditors: amounts falling due within one year | 7,728,149 | 10,235,582 | 2,513,436 |
| Net Current Assets (Liabilities) | 289,967 | 531,491 | (115,454) |
| Total Assets less Current Liabilities | 707,161 | 1,017,629 | 315,319 |
| Creditors: amounts falling due after more than one year | | | |
| Long Term Loans | 1,346,495 | 1,797,805 | 1,815,108 |
| Total Creditors: amounts falling due after more than one year | 1,346,495 | 1,797,805 | 1,815,108 |
| Provisions for Liabilities | | | |
| Dilapidation provision | 11,754 | 11,754 | 11,754 |
| Deferred Taxation | 36,150 | 36,150 | 36,150 |
| Total Provisions for Liabilities | 47,904 | 47,904 | 47,904 |
| Net Assets | (687,238) | (828,080) | (1,547,693) |
| Capital and Reserves | | | |
| Profit and loss account | | | |
| Retained Earnings | (828,080) | (1,547,693) | (429,693) |
| Current Year Earnings | 140,842 | 719,612 | (1,118,000) |
| Total Profit and loss account | (687,238) | (828,080) | (1,547,693) |
| Total Capital and Reserves | (687,238) | (828,080) | (1,547,693) |

Quarterly Cashflow forecast (Apr21)

World Sailing Limited

For the two years to 31 December 2022

| Account | Actual Q1 2021 | Reforecast Q2 2021 | Reforecast Q3 2021 | Reforecast Q4 2021 | 2021 | Reforecast Q1 2022 | Reforecast Q2 2022 | Reforecast Q3 2022 | Reforecast Q4 2022 | 2022 |
|------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
| Opening cash | 1,122,203 | 1,679,942 | 882,405 | 89,264 | 1,122,203 | 9,318,174 | 11,078,802 | 9,854,847 | 8,954,262 | 9,318,174 |
| Cash receipts | 1,153,702 | 444,067 | 463,250 | 11,347,033 | 13,408,052 | 3,074,381 | 435,768 | 407,464 | 595,947 | 4,513,561 |
| Cash payments | (944,890) | (1,307,611) | (1,278,184) | (1,688,606) | (5,219,291) | (1,335,546) | (1,681,516) | (1,329,842) | (1,325,939) | (5,672,843) |
| Fixed asset additions | (124,268) | 0 | 0 | 0 | (124,268) | 0 | 0 | 0 | 0 | 0 |
| VAT refunds | 21,885 | 66,007 | 21,793 | 21,793 | 131,478 | 21,793 | 21,793 | 21,793 | 21,793 | 87,172 |
| Net cash movement | 106,429 | (797,537) | (793,141) | 9,680,220 | 8,195,971 | 1,760,628 | (1,223,955) | (900,585) | (708,199) | (1,072,111) |
| Closing Cash - pre funding | 1,228,633 | 882,405 | 89,264 | 9,769,484 | 9,318,174 | 11,078,802 | 9,854,847 | 8,954,262 | 8,246,063 | 8,246,063 |
| Loans | 451,310 | 0 | 0 | (451,310) | (0) | 0 | 0 | 0 | (451,310) | (451,310) |
| WS Investment Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Cash - post funding | 1,679,942 | 882,405 | 89,264 | 9,318,174 | 9,318,174 | 11,078,802 | 9,854,847 | 8,954,262 | 7,794,753 | 7,794,753 |
| <i>Budgeted closing cash</i> | <i>793,354</i> | <i>246,566</i> | <i>172,544</i> | <i>8,841,097</i> | | <i>10,474,186</i> | <i>9,289,503</i> | <i>8,631,671</i> | <i>7,098,668</i> | |
| <i>Change</i> | <i>886,588</i> | <i>635,839</i> | <i>(83,280)</i> | <i>477,077</i> | | <i>604,615</i> | <i>565,344</i> | <i>322,591</i> | <i>696,085</i> | |