

## **An update from the Chair of the Board of Directors to all members of the British Mountaineering Council (BMC) in advance of the final audited financial figures for 2023.**

### The Annual Report and Accounts for 2023

The audit of the 2023 accounts is still in progress and is planned to be completed by the beginning of May 2024.

As a precursor to the audit a rigorous review of the 2023 accounts has been delivered by an external accountant. This is in addition to the reviews and joint working with UK Sport covering the grant funding. UK Sport have now confirmed that the grant accounting as implemented by the BMC is compliant with the UK Sport and Sport England Grants.

2023 was a challenging year for the BMC, especially with respect to finances and staffing. The 2023 Annual Report will cover the management of the finances for the 2023 financial year and the actions that the Board and staff took to manage their way through this period.

### Expected outturn from 2023

The final figures for the year 2023 will only be confirmed when the accounts are finalised and the audit is complete, which is anticipated to be before 11 May.

In 2023, the BMC made a substantial upgrade to the processes and systems within finance and is being embedded within wider organisation. This has, in part, delayed the accounts completion.

Key components which have contributed to the loss include:

- ▶ Membership not meeting ambitious growth projections
- ▶ Unable to sell Travel Insurance in July 2023 due to underwriter changes
- ▶ Accounting error within the UK Sport Grants
- ▶ Overspend within the non-grant funded activity of competition climbing

## Lessons learnt and future financial management

There are a series of lessons to be learnt from the BMC's experience in 2023. The following changes are being implemented in 2024:

- ▶ Increasing the capacity in the finance team through quarters two and three of 2024 with contracted support being provided by the Finance Director from British Judo. This will be followed by recruitment of a full time CFO, that is currently planned to be recruited to start work in quarter four.
- ▶ Grant Funded activity within competition activities will be ring fenced and there will be no cross subsidy from funds generated from the BMC membership.
- ▶ Finance and Audit Committee (FAC) to be consulted for both grant and non-grant funded activity. The FAC will recommend to the Board whether the financing and activity set is appropriate. The Board will decide whether to proceed with both the activity set and the associated funding. As a minimum, the approval cycle for all components, be they grant or member funded, will be annual.
- ▶ Separate accounts and management for all grant funded activity.
- ▶ In line with current practice, all accounts to be produced quarterly, and provided to the FAC followed by the Board with FAC feedback. This will be followed by the Board report being provided to Members' Council.

## 2024/5 Budget

On 4 March 2024, the Board of Directors of the BMC agreed a very conservative budget for 2024. This was based on a flat growth trajectory for membership and was supported with feedback provided by both the FAC and Members' Council.