

Dear All

This is my final report as the FD of London Hockey Limited. I would like to thank clubs, suppliers, coaches and players for their patience as we build up the processes for London Hockey. I think it is worth highlighting the reasons why I am stepping down, as it gives important context to the challenges London faces:

1. My day job is very demanding and I am moving out of London in October, as such my alignment and capacity no longer fit the role.
2. I don't believe the role as sold to me and envisaged by England Hockey is in practice possible. The vision of a streamlined and cost effective organisation for Hockey in London that delivers a step change in engagement, professionalism and coherence is just not realistic, in the current market. This is partly driven by the move towards less volunteers supported by paid roles, as you will see from the accounts this approach has pushed the juniors into a loss for this year. I am, personally, against paying for lots of support as it drives up the cost for the end users, our players. However I currently see no other option, and I am a good example of where my day job has become more pressured and leaves less time for volunteer roles. This is also a demanding role.
3. The controls environment around large accounting firms has tightened considerably in the last few years. This means that I have to justify my continued role with London and confirm how I am managing any risks. At the moment London is still facing challenges moving from a largely unregulated county structure to a company which contains a number of business lines, all of which have their own ways of working.

Overall Financial Commentary

London Hockey overall remains in good financial health, recording a large surplus in 2022 and a small surplus in 2023 (see notes).

It is important to highlight that the financial pressures, which are no doubt being felt by clubs, are also being felt by London hockey. This particularly impacts the Player Pathway where pitch hire costs have increased significantly, but is also likely to receive pressure on coaching rates. The rate for this is set by the junior committee and is under review.

As shown in the accounts both adults and officiating make a material surplus, particularly relative to the scale of activity in the business unit, as such I fully support the board proposal to reduce these rates.

In my view London has appropriate surpluses for the financial risk of operations and can cope with the majority of shocks. However it is important to highlight the above risk in relation to the Player Pathway which makes up over 50% of our

turnover, has the highest impact from market costs and will need to increase prices to participants.

Accounting Policies

Firstly I should highlight the accounts are not prepared on a strictly statutory basis and we submit a heavily simplified balance sheet to companies house inline with legislation. The primary purpose of the accounts presented is to give clubs and other stakeholders the best possible insight to the operations of London Hockey Ltd. That said the deviations are not material apart from the point below.

Umpiring appointments for 2022/23 season have not been billed to clubs, which makes up c£22k of the umpiring fees for the period and is shown on the balance sheet in Umpiring Fees to be charged. Given how late it is in the season the board have discussed the possibility of not charging clubs for 2022/23, but writing off the invoices would push the company into deficit for the year.

Every effort is made to separate the accounting information at year end date, however the 30 April year end date is very challenging for London Hockey as that is midway through a player pathway cycle, masters cycle and therefore umpires are also still active on the previous season post year end day. I would strongly recommend the year end date is reset at the next AGM.

Tangible fixed assets was the best way to present the kit and clothing which has been purchased by London Hockey for the juniors and masters group. The majority of this cost is playing shirts and the management committee has agreed to depreciate these over 3 years on a straight line basis. These would not normally meet the fixed asset criteria in my view.

Business Commentary - Affiliation and Overheads

Affiliation fees remain fixed in 2023, which covers the majority of overhead costs, but not all. The new management team may look to allocate some of the major items, like insurance, which is heavily driven by the player pathway.

IT Software and Consumables includes both our subscriptions to GSuite which provides our email and cloud storage but also covers the cost of purchasing a conference calling system to enable hybrid meetings, as used at our AGMs (£1,000).

Insurance also covers the EH charges for the GMS system, which is received as a single invoice.

Business Commentary - Adults

The adult competitions continue to run a strong surplus and has a strong justification for a material investment in trophies for the significant leagues. Where possible it would be ideal from a financial perspective if any legacy trophies could be repurposed but recognise this may not always be possible.

Business Commentary - Juniors

Junior activity continues strongly and delivers a balanced outcome in 2023, following a good surplus in 2022.

Key unallocated expenses relate to Trophies (which are in both unallocated expenses and trophies to be allocated) and represents the challenges in splitting down all the different activities undertaken within the junior activities in London. We have put in place new processes to support better understanding and accounting allocation.

Business Commentary - Masters

Masters consists of three areas:

1. Masters leagues which are covered in Adult competitions
2. Masters teams run by London, which include training and pitch hire covered by match fees.
3. Masters competitions which are allocated around the regions with London generally hosting two or three competitions per year.

As the majority of activity takes place after year end with competitions in May the decision has been made to treat all masters activity as taking place post year end.

The masters competitions ultimately ended up costing slightly more than we charged other areas; but there is potential in future to review the umpiring recharge and charge a different rate for competitions.

Business Commentary - Officiating

Officiating has delivered a good return, noting the point above about fees to club. Looking forward to the rest of 2023 there are a considerable plans for investment of proceeds into umpire development and training.

From a finance perspective officiating continues to be challenging with GMS throwing funnies; however the processes are improving. We have also introduced a process for managing junior umpiring, as other regions insist on paying umpires for Sunday games and we have been forced to follow suit.

Linked to this there is a clear need for a central discussion, from a finance perspective, about the direction of travel for umpiring and whether umpires should be paid in future. Clearly this has the potential to deliver benefits in terms of potentially improved quality and availability. However from a finance point of view it would be significantly more complicated, and tax considerations would need to be closed out.

Business Commentary - Player Pathway

Player pathway continues to be a large operation for London, with a significant number of transactions for participants and lot of coaching / pitch costs.

As noted above the pitch costs have risen considerably in 2022/23. Towards the end of the season we have looked to breakdown the detail of the player pathway costs to provide greater insight into the breakdown of income and expenses.

Suppliers and coaches continue to present challenges, with some suppliers looking for card payment which reduces the audit trail, and coaches looking for immediate payment, which is not realistic within our controls environment (i.e. double signatory on the account and good audit record). As such, it is my view, that our suppliers need to recognise that a same day turnaround that might have been provided by some counties, is unrealistic. I recognise it is a lot of work for the junior team, and I think them for their support reviewing and submitting all the invoices.

Obviously ultimately the loss in the system this year is a concern and the gap needs to be closed as a priority.

Closing Remarks

Ultimately London Hockey is in a storming phase from my perspective as we try to introduce robust processes while ensuring maximum freedom to enable operational areas the flexibility to succeed. I am confident over time the operational areas and the finance function will close the gap to enable effective delivery. However at the moment it is a consistent challenge to balance these needs and rigorous financial governance.

The accounts presented give a representational view of the activity of London and we look forward to feedback from our members.

Thanks

Charles