



ANNUAL REPORT

& ACCOUNTS

FOR THE YEAR ENDING 31st MARCH 2012

ANNUAL REPORT AND ACCOUNTS 2012

For the year ending 31st March 2012

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The RYA Mission

To promote and protect safe, successful and rewarding British boating

Objectives

To increase participation and enjoyment in boating

To represent recreational boating freedoms and responsibilities

To promote the safety afloat message to all individuals and organisations associated with boating

To raise standards of sailing, windsurfing, motorboating and powerboating to enhance competition and for the overall enjoyment of boating throughout the UK

AGM AGENDA

ROYAL YACHTING ASSOCIATION FOUNDED 1875

PATRON
HER MAJESTY THE QUEEN

PRESIDENT
HRH THE PRINCESS ROYAL, KG, KT, GCVO, QSO

NOTICE OF AGM

NOTICE IS HEREBY GIVEN THAT: THE ANNUAL GENERAL MEETING OF THE ROYAL YACHTING ASSOCIATION WILL BE HELD ON FRIDAY 23rd NOVEMBER 2012 AT 11am AT ONE GREAT GEORGE STREET, WESTMINSTER, LONDON SW1P 3AA (NEAREST UNDERGROUND STATIONS: ST JAMES'S PARK – DISTRICT AND CIRCLE LINES; WESTMINSTER – DISTRICT, CIRCLE AND JUBILEE LINES)

- 1. To approve the Minutes of the Annual General Meeting of 23rd November 2011** (circulated with the Spring 2012 *RYA Magazine*).
- 2. To receive the Report of the Board of Directors and Accounts for the year ended 31st March 2012** (together with the report of the Auditors).
- 3. To elect the President for the ensuing year** HRH The Princess Royal, the retiring President, is eligible for re-election and has signified her willingness to continue to serve in office.
- 4. To appoint the Auditors** and to delegate to the Board of Directors authority to fix the remuneration of the Auditors.
- 5. The meeting to note** that there will be a ceremony later in the day to present the following awards:

RYA Awards for distinguished services to yachting:

Neal Hill	Hazel Twiname
Robert Lowe	David Vass
Victor Rolfe	Michael Wigley

RYA Community Awards in the following categories:

Lifetime Commitment

Frank Avery	Leslie Downing	Sheela Lewis
Peter Bayliss	Jack Francis	Alistair McVean
Geoffrey Benson	Peter Hadfield	David Metcalf
Mike Benson	Janet Hart	Louis Moulden
Nicholas Blore	Michael Hill	Ronald Parker
John Broadbent	Keith Hiscock	Keith Paul
Tamasin Cole	Tony Hotchkiss	Bryan Sexton
Geoffrey Coxo	Mollie Howes	Timothy Tomlinson
John Crosswaite	Bob Hurst	Russell Towns
Dudley Davies	Vaughan Jones	Michael & Dorothea
John Dowling	Andrew Knight	Willetts (<i>Joint Award</i>)

Outstanding Contribution

Paul Burton	Michael Pipes
Terence Eaglestone	Keven Roberts
Stephen Frecknall	Dawn Russell
Andrew Gilles	William Stanton
Dafydd Griffiths	Stephen Troke
Derek Lee	Derrick Young

Youth

David Blakesley	Doug Horner
Karl Blythe	Adam Kenney

RYA Sailability Francis Elkin Award for services to sailing for the disabled:

Martyn Collis

6. Any other business

Note to Item 6

Any matters raised under Agenda item 6 cannot form part of the official business of the meeting and thus may not be proposed as formal motions. This item is included purely to afford members an opportunity for informal discussion.

NOTE TO ALL PERSONAL AND LIFE MEMBERS ATTENDING THE AGM
Please bring your voting paper (attached) to the AGM. If you appoint a proxy to attend in your place then the proxy must bring the voting paper.

CHAIRMAN'S STATEMENT



STACEY CLARK
RYA CHAIRMAN

On behalf of the RYA I would like to thank you for your support over the past year. The Association and the core activities it undertakes are in good health thanks to the commitment and enthusiasm of you, the members. That commitment shows itself in many different ways, ranging, for example, from volunteering at a club or Sailability group; to instructing and coaching; to helping protect us from unnecessary regulation. The common thread through it all is a love of being on the water and a desire to help others enjoy it as much as we do.

This is my first annual report following my election to the position of Chairman of the RYA at the end of last year, and I would like to pay tribute to my predecessor Richard Langford. No one personifies the commitment and enthusiasm I mentioned above better than Richard. In addition to all his time on the water volunteering, he served on the RYA Council for 16 years. During this time he was successively Treasurer, Deputy Chairman and Chairman. The Association has become a substantially stronger, more successful and more influential organisation over that period and Richard played a key role in making this happen.

The 2011-12 financial year saw the Association's income rise above £20m for the first time. All of our income streams held up well despite the recession, and costs were kept under tight control. This has enabled a healthy pre-tax surplus and a further strengthening of our balance sheet. I am confident that the Association is in a good position to face whatever surprises lie ahead.

There has been a significant change in the way in which the RYA manages its affairs following approval of the new governance arrangements at the 2011 AGM. A new, smaller Board of Directors has been formed to oversee business strategy and the management of the Association, and it is working very effectively with the Council. The Council is responsible for creating and approving boating-related policy through its committees, and the Board is responsible for implementation of those policies. I believe that this is a very positive set of changes that focuses the way we work, and that will help ensure the Association remains relevant to its members and responsive to opportunities. I look forward to playing my part in leading the new Board.

One of the real pleasures of representing the RYA is answering questions about what the Association does... and seeing how surprised people are at the response. Our activity as a membership organisation that promotes and protects boating is both broad and inclusive. The RYA helps the young and old; advantaged and disadvantaged; cruisers and racers, whether by sail or power; large boats, small boats, boards and personal watercraft. In her CEO's report, Sarah Treseder will touch on just some of the highlights of our work over the following pages.

While the breadth of our activity over the past year is undiminished, inevitably much attention has been focused on the Olympic Games. It is not often that we get the opportunity to engage with the non-boating public in such a positive way, and there is no doubt that Olympic success raises the profile of sailing and encourages people to get out on the water for the first time. We have used the opportunity of the Games being in Britain to help affiliated organisations build interest and participation in their activities. We are fortunate to be able to do this without making trade-offs against other, member-orientated activity since our Olympic Programme is mainly funded by the Lottery Sports Fund and Sponsors.

Finally, I would like to thank the RYA staff and volunteers for making 2011-12 a successful year for the Association. We are fortunate that many of this team are world-renowned experts in their field. It has been a very challenging time for many organisations, and the fact that the Association is in such good health is down to their hard work and support.

I have taken over the chairmanship of the Association at an exciting and challenging time. I look forward with anticipation to the future, and to meeting as many of you as possible over my four years in office.

Stacey Clark
Chairman

CHIEF EXECUTIVE'S REPORT



SARAH TRESEDER
RYA CHIEF EXECUTIVE

The Association has had an excellent year on many fronts. Our finances have achieved a favourable surplus, our membership numbers have continued to rise, and the governance changes approved at the AGM last November have been implemented. Our work to stimulate participation in parallel with the Olympic preparations has been a great success, and we believe that we selected the best-prepared Olympic sailing team ever.

The financial results for 2011-12 saw a growth in total income to £20.3m. Most of the increase was due to higher grants from the Lottery Sports Fund in advance of the Olympic Games. The income from our training schemes and general sales remained stable, a good result in the current economic climate. Costs were well controlled during the year, particularly in the overhead areas, and this enabled a pre-tax surplus of £1.3m (2011: £957k) to be recorded. The accumulated fund on the balance sheet stands at £6.3m (2011: £5.8m). This figure would have been higher had not the pension asset of £396k in the prior year turned into a deficit of £294k. This was primarily because of variations in the actuarial assumptions underlying the FRS 17 calculations.

The number of personal members rose to 102,230 – the highest figure for four years. This came through a combination of new members joining and a welcome drop in the numbers lapsing from membership. During the year we built up the staff team dealing with membership matters and they have already made a difference by introducing new member benefits and offers. I am confident that there is much more good news to come in future years.

Our Olympic Activation programme saw 630 clubs, centres and marinas take part in more than 400 activities during 2011, and we signed up over 100 clubs for a 'Push the Boat Out Day' on the weekend before the Olympic Games. We also organised a 'Passage to Portland' in June this year to allow RYA members to view the racing areas during our pre-Olympic Sail for Gold Regatta. Overall, 2011-12 was another busy and satisfying year. I hope you will enjoy reading about our activities in the following sections.

£20.3m
TOTAL INCOME

£1.3m
PRE-TAX SURPLUS

72
SUCCESSFUL SAILING APPLICATIONS
PROCESSED BY RYA FOR SPORT ENGLAND

102,230
PERSONAL MEMBERS – THE HIGHEST
FOR FOUR YEARS



MEMBERSHIP MATTERS

During 2011, marketing staff were re-located to sit with the appropriate activity departments. Simultaneously, we strengthened the Membership Department by appointing a new Membership Development Manager. The department is now made up of 19 staff, and is accountable for membership processing, running the website, producing the quarterly *RYA Magazine*, protecting the RYA brand, issuing training scheme certificates, maintaining club affiliation records and records administration. The membership team has its own designated press officer who produces the 'InBrief' and 'Up to Speed' e-newsletters for members and clubs, as well as departmental press releases.

Personal membership subscriptions generate £3.2m each year. This sum covers our lobbying, membership services and central administration costs – and contributes to our sport development, youth and other programmes. Our (perhaps overly) ambitious target is to grow the personal membership base to 125,000 by 2017, and planning for this occupied much time last year. We have put a lot of effort into better understanding our membership segments and demographics so that we can be more effective in communications, promotions, offerings and service delivery to our members.

Key successes in 2011 for the Membership Department included: sending 1.5 million copies of 'InBrief' to members, carrying out a detailed member survey (with more than 3,600 full replies received), processing 74,900 certificates and online credentials, receiving an average of more than 720,000 web page views per month and making major improvements in video content on the website. In addition, we continued to grow an RYA Facebook and Twitter presence. We place emphasis on sustaining proven member benefits, such as the gold member events and the members' lounge at the main boat shows. However, we are now concentrating on improving the membership benefit offers by finding new and relevant partners.

PARTICIPATION

Whether acting through clubs or connecting directly to individuals, the Sport Development Department in 2011 continued to offer a wealth of knowledge, experience and resources to encourage more people to go sailing and windsurfing more often. The key to achieving this objective was the work of the nationwide team of Regional Development Officers, whose role is to educate and inspire RYA clubs and training centres to develop regular participation across the country. They are able to offer invaluable advice on volunteer support, maintaining and improving safety standards, and funding.

Sport England supports our programmes with a grant of £2.6m each year. This money (and similar grants to our Home Country regions from their Sports Councils) is primarily dedicated to youth participation – both through supporting activities such as OnBoard and in helping to run the youth and junior talent squads. This work is also supported by some £740k of RYA funds.

In 2011, we processed 72 successful sailing applications for Sport England capital funding grants totalling £653k. An additional £860k from the Sport England Inspired Facilities Fund was awarded to 17 sailing clubs for projects including new changing rooms, refurbished slipways and installing mains electricity.

Our Active Marina programme had a very successful pilot year in 2011. This programme is designed to help berth holders get more out of life with their boats. It links marinas with RYA training centres and supports them in organising training opportunities, cruises and social events, and generally encouraging boat owners to get underway more often and enjoy the sport.

Last year also saw the launch of Project Windsurf-UK, a networking website designed to tap into the windsurfing community and to promote sailing and windsurfing opportunities. With more than 1,000



members already, the website allows windsurfing groups and individuals who sail or want to sail at locations around the UK to share photos, ideas, thoughts and experiences.

Youth programmes are essential to the future of boating and the Association. More than 350,000 youngsters from schools and youth groups have now experienced sailing and windsurfing at clubs and training centres through the OnBoard programme, and our windsurfing club programme – Team15 – enjoyed celebrating its 10th anniversary.

The 2012 RYA Volvo Dinghy Show provided an opportunity for clubs and class associations to access a whole host of information and advice: from workshops at the RYA Club Conference to expert talks on the Volvo Main Stage and coaching area. As well as the opportunity to promote themselves to visitors, clubs and classes benefitted from one-to-one advice from the RYA staff who were on hand throughout the weekend.

The exceptional commitment of boating's volunteers was once again recognised by the RYA Volunteer Awards, which were presented at the annual AGM in London. RYA Regional Young Sailor of the Year Awards were presented at the Tullett Prebon London Boat Show, and Hollowell Sailing Club was crowned RYA Club of the Year 2012 at the RYA Volvo Dinghy Show.

PROMOTING SAFETY AFLOAT

My report last year announced the setting up of a project team to work on a formal safety management system following a fatal powerboat racing accident in Dover harbour in 2009. The staff-led project team has devised a system for central recording of major incidents and initiated action to ensure that safety considerations permeate all RYA programmes and actions, and we are starting to take this new safety message out to everybody in the RYA family. One can never say that work on safety has been completed. Taking part in any water-borne activity carries risks that can only ever be mitigated and never completely

avoided. The RYA's policy remains to do everything possible to promote the safety message and safety procedures in all our activities, and our new safety management system enables us to do this.

REPRESENTATION OF MEMBERS' INTERESTS

Our work to represent and promote members' interests was strengthened in 2011 by merging the separate Legal and Cruising Departments into a single Cruising and Government Affairs Department and by providing additional PR resources. We committed a total of £838k in operating costs for the combined department – some 26% of the income from subscriptions.

Last year we published the RYA Manifesto. This sets out the essential principles that guide our work in representing recreational boating interests. The Manifesto is a clear statement of what the RYA stands for, our intent and our primary objectives in promoting and protecting recreational boating. It is available in RYA-affiliated clubs and on the website.

The Coalition Government regards renewable energy as a key theme and we continue to voice our concerns on navigational safety. In doing so we have affirmed our position on wind, wave and tidal renewable energy and have successfully ensured that our requirements for marking and design have been adhered to. We have effectively resisted the imposition of exclusion zones in wind farms and have vigorously challenged the need for any operational safety zone that is not supported by a compelling risk-assessed argument. It is important to stress that their aesthetic qualities and power-generating efficiencies are not issues on which the RYA is qualified to comment.

We continue to support the use of red diesel by all private pleasure craft to secure the UK-wide availability of diesel fuel at the waterside wherever that may be. In March, we successfully persuaded HMRC to



rewrite its proposal for the declaration made at the time of purchase. As a direct result of RYA lobbying, the Government extended the transitional period for marine licensing requirements for maintenance and hydraulic dredging in English waters for a further two years until April 2014. Historically, small-scale maintenance or hydraulic dredging carried out by clubs and training centres has not required consent, but this changed with the introduction of the Marine and Coastal Access Act in 2009. We are continuing to press for low-risk activities to be exempted, and are working to ensure that any new marine licence system is fair and proportionate for clubs and training centres.

We have worked successfully with a number of individual harbour authorities to ensure that changes to General Directions, and the introduction of Revision Orders, did not impose inappropriate or disproportionate restrictions on boating activities within harbour confines; and that appropriate mechanisms for communication and dialogue between leisure boat users and harbour authorities were established.

We were successful in getting HMRC to back down on its proposal that, to qualify for Community Amateur Sports Club status, clubs had to allow under-18-year-olds to become full club members, with voting rights if they so wished – the so-called 'junior voting rights issue'. HMRC believed that a club was not open to all without discrimination if junior members were not able to access a full voting rights category of membership. We objected strongly to the proposal on the basis that it could potentially lead to children, who have no legal liability, managing the affairs of a club. We gained the support of other sports, most notably rugby, and, after a year of intense lobbying, HMRC conceded that its emphasis on junior voting rights was incorrect.

RAISING STANDARDS OF PERFORMANCE

The focus of the Racing Department in the past year has been firmly on preparations for the 2012 Games and on maintaining our junior

and youth programmes. The department receives £5.4m each year from the Sports Lottery Fund to sustain the Olympic programme, and £678k from Sport England sources for club, junior and youth racing, together with £891k from RYA resources.

At the Olympic Test Event in Weymouth in August 2011, Team GBR achieved six medals, with a Gold going to Ben Ainslie in the Finn class. In the ISAF Sailing World Cup series, GBR finished top nation with a total of 38 medals: 15 Gold, 11 Silver and 12 Bronze. The 2011 IFDS World Championships in Weymouth provided a real boost for the team with a medal in all three Paralympic classes: Gold for Alex Rickham and Niki Birrell in the SKUD, Silver for John Robertson, Hannah Stodel and Steve Thomas in the Sonar, and Bronze for Helena Lucas in the 2.4mR. Finally, at the 2012 IFDS World Championships in January, Alex Rickham and Niki Birrell achieved a Gold medal for the fourth successive year.

The RYA supports 362 young sailors in Zone squads and 165 in National Junior squads. During 2011, these squads produced eight World Champions and some 700 Team GBR sailors attended 39 international regattas with the aid of grants or RYA coach support. It was pleasing to see the number of Volvo RYA Champion Clubs increasing from 175 to 181 across the UK, and that a record 264 boats and 390 sailors attended the RYA Volvo Youth National Championships held at Hayling Island. In addition, 327 sailors attended the RYA Eric Twiname Championships and more than 800 junior sailors attended the six RYA Volvo Zone Championships in 2011. The British Keelboat Academy partnership between the RYA and UKSA is now in its third year. The partnership has been designed to support young people aged between 18 and 24 in developing the skills needed to take their keelboat racing to a professional level. The 41 members of the squad had a busy year in 2011, competing in various events in the Farr45 *Kolga*, the J109 *Yeoman of Wight* and the UKSA's J80s. In the RORC Channel Race in July the BKA team sailing the J109 beat 98 other yachts to win the Channel Challenge Cup. This was followed by the Rolex Fastnet Race; the team were the fastest J109.



This year saw the 60th anniversary of the introduction of the Portsmouth Yardstick scheme, and we took the opportunity to relaunch the RYA's race result analysis website at the RYA Volvo Dinghy Show in March. This is a key initiative because we do want clubs to work with and use the scheme so that everyone can enjoy fairer racing. It is a concern that the amount of data for cruisers has been decreasing year on year and, without a significant increase in data from clubs, ratings will cease to exist for this area of sail racing.

Last year proved to be another difficult year for powerboat racing. The continuing economic downturn and fuel price increases resulted in a reduction in the number of racing licences being issued and fewer events being organised. However, in International events our competitors secured seven World Championship titles. In addition, British racers secured ten World Speed Records and 23 British Records.

A major review of safety in powerboat racing was conducted as part of developing the RYA's safety management system. We now produce a rigorous annual review of safety issues in all powerboat racing disciplines. Finally, on a happier note, we are playing a full part in an initiative by UIM (the international governing body) to promote junior participation in the sport through its youth development programme. This will fund the purchase of circuit racing boats to be located at new powerboat race training centres, which will be established throughout the UK during 2012.

EDUCATION AND TRAINING

2011 proved to be another busy and positive year for RYA training. Following significant turnover of key personnel within the department in 2010, the team is working hard to support the many schemes and courses under its control. The year was a tough one for many training centres as global economies struggled to recover from the downturn of the past few years. However, with continued growth internationally

(2,440 recognised training centres across 46 countries and more than 23,500 RYA instructors), the schemes continue to perform strongly, and the overall numbers of people completing RYA courses continues to grow year on year. There are some marvellous success stories of both established schools and new training centres achieving outstanding results in terms of development and growth.

The year saw the launch of the RYA's e-Learning platform's first fully interactive course – 'Essential Navigation and Seamanship'. The take-up of this cutting-edge way of learning core navigation and seamanship skills was excellent, with more than 1,000 people taking the course in its first year. The feedback from students and industry experts has been very positive, and has confirmed that e-Learning has an important place in the education process. We are looking for a similar level of success with the second major e-Learning course: 'Professional Practices and Responsibilities' for those who need a commercial endorsement on their Yachtmaster® qualification. A telling indicator is that we have found that people trying the end-of-course assessment without having completed the modules first fail to pass. We think that this shows both the worth of the course material and a general lack of knowledge in some of the required areas.

Despite the economic conditions, RYA Publications sold more than 315,000 items during 2011, generating a turnover of £2.4m, and continue to play an indispensable role in the training schemes. Some notable book launches this year have been *RYA Dinghy Techniques*, *RYA Passage Planning* and *RYA Offshore Sailing*. We have also firmly entered the world of digital publishing and launched a selection of our titles as interactive eBooks. These can be bought in full, or sampled via a taster previewed through our free 'RYA Books' app from the App Store (and via Android in the near future).



International interest in RYA books has continued to grow this year, with new markets in Poland and Russia and further expansion in Scandinavia. Our books are now published in 20 countries around the world through 119 foreign licences in 18 different languages.

STAFF AND HEADQUARTERS MATTERS

Staff turnover remains low and retention during 2011 was more than 90%. There has been keen competition for each of the vacancies advertised. The sound financial outturn for 2011-12 meant that it was possible to give an inflation-related salary increase to the staff.

During the year we integrated the Cruising and Legal Departments into the new Cruising and Government Affairs Department. We also formalised the position of Publications as part of the Training Department. The first of these changes brought together the two departments that provide the muscle for our work protecting the members' interests and spreading the RYA's views and policies on boating matters. The move of Publications reflects the essential truth that the most important books in our range of titles are part of our training courses and general education and pleasure reading in support of the courses. The changes also help to slim down and rationalise the staff management structure.

LOOKING TO THE FUTURE

By the time this report is published we shall have submitted our bids for Sports Council funding during the 2013-17 period covering the next Olympic and Paralympic Games in Rio de Janeiro. This funding is essential both to sustain Team GBR and to underpin the RYA's participation and sport development work. A great deal of staff effort goes into creating the bids and then managing the programmes, but our medal success and growth in participation over the past decade speak for themselves.

The new Board is currently leading work to develop the RYA's own Strategic Plan for 2013-17. Whilst the RYA's fundamental purpose remains the same – 'to promote and protect safe, successful and rewarding British boating' – the mission for this period is likely to be couched in terms of: 'to increase the relevance and representativeness of the RYA in order to increase the number of RYA personal members from 102k to 125k.' This aim is undoubtedly challenging, but I believe that it is eminently achievable and will certainly be rewarding. I look forward to updating you on the published plan, and all our other activities, in my report next year.

Sarah Treseder
Chief Executive

DIRECTORS' REPORT

THE DIRECTORS WHO HELD OFFICE FROM 1st APRIL 2011 UNTIL 23rd NOVEMBER 2011
(EXCEPT WHERE OTHERWISE STATED) WERE AS FOLLOWS:

ELECTED BY THE AGM

HRH The Princess Royal KG KT

GCVO QSO

President

M J Wigley FCA

Hon Treasurer

EX OFFICIO

R Langford OBE

Chairman of Council

S Clark

Deputy Chairman of Council and Chairman
Marketing Committee (until 15th June 2011)

D Darbyshire

Chairman Audit and Cruising and
Government Affairs Committees

J W Elliott

Chairman Training Committee

O P T Franks

Chairman Sport Development Committee

L Rushall

Chairman Marketing Committee
(from 15th June 2011)

P Stacey

Chairman Powerboat Racing Committee

L Walker

Chairman Technical Committee

R Wilson

Chairman Racing Committee

ELECTED BY THE PERSONAL AND LIFE MEMBERS

C Barry

D C Beadsworth

T Bowden

P M A Bryans

P T Corner

T C J Elbrick

P F King

N Lane

D Lewin

E Ramsden MBE

J C Selby

EX OFFICIO REGIONAL CHAIRMEN

C H Basten

Wales

J J Colville

Northern Ireland

D J Dunn

South West

J Glen

Scotland

H Ingleson

Yorks & Humberside

M J Kelly

West Midlands

H Nelson

East Midlands

A Rowe

South East

R W Russell OBE

Southern

D Wheldon

North East

D Williamson

North West

A Woolford

Thames Valley

F Wylie

Eastern

SUPERNUMERARY

C J Atkins

ISAF Council

M Shefras MBE

Thames Valley Region

THE DIRECTORS WHO HELD OFFICE FROM 23rd NOVEMBER 2011
(EXCEPT WHERE OTHERWISE STATED) WERE AS FOLLOWS:

EX OFFICIO, NON-EXECUTIVE

S Clark

Chairman of the RYA

O P T Franks

Deputy Chairman of the RYA

NON-EXECUTIVE *

P M A Bryans

T C J Elbrick

G Holt MBE

A Rowe

D Williamson

* Appointed 4th January 2012

EX OFFICIO

S L Treseder

Chief Executive

AD HONINEM

D L Murray *

Head of Finance

* Appointed 7th December 2011

CORPORATE GOVERNANCE STATEMENT

The RYA supports the principles and procedures of good corporate governance as set out in the Combined Code published by the Financial Reporting Council. This code was drawn up for listed companies, so the RYA is neither obliged nor able to follow it completely. However, the Board of Directors strives to implement it as far as is practicable for a sports governing body.

The affairs of the RYA are managed by the staff under the direction of the Board. The Board comprises: the Chairman and Deputy Chairman of the RYA ex officio and non-executive, five other non-executive directors who are elected from amongst the ranks of Council and the major policy committees, the Chief Executive ex officio and the Head of Finance ad hominem. The election of the non-executive directors is driven by a matrix of the competencies and skills desired to be represented on the Board. The Board carries out an annual exercise to review its own performance and the performance of the individual directors.

Non-executive members of the Board may not be financially rewarded for their work as directors. A register of Board members' interests is maintained, which details any personal or business interests that could give rise to a conflict of interest. Directors and senior staff complete an annual certificate in accordance with Financial Reporting Standard No. 8 detailing any transactions with the RYA in which they, or their close family members, have an interest. The Association maintains directors' and officers' insurance in line with S.234 of the Companies Act 2006.

The RYA Council is the body that directly represents the interests of the members of the Association. Its primary function is to ensure that the members' boating interests, rights and wishes are reflected in the Association's policies and high-level strategies; and it is responsible for oversight of the Board's performance on behalf of the members. Council has established policy-forming committees for each area of the Association's activities. Membership of the committees is restricted to volunteers who have demonstrable expertise in the relevant areas.

An Audit Committee is established to act as a Board Committee looking independently at financial reporting, risk management, safety issues and Board procedures. It reports to the Board in this role. The Audit Committee also acts as a committee of Council to help Council to discharge its responsibility to oversee the performance of the Board on behalf of the Association's members.

The Chief Executive is responsible for implementing the strategy approved by the Board, leading and managing the staff, and overseeing the RYA's day-to-day operations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Association maintains a Strategic Plan and the current version covers the period 2009-13. The Plan contains key performance indicators and targets and these are monitored by the Board and Council on a quarterly basis. An annual Operational Plan is created to implement the activities and targets stipulated in the Strategic Plan. A Risk Register is maintained and this is reviewed monthly by the senior staff management team and by the Board at each of its meetings.

The major risks facing the Association in the near future are considered to be:

- Any event or situation that damages the Association's reputation as a responsible, well-managed body, particularly if this were to threaten its status as a suitable recipient of Sports Council grants;

- Any failure to manage the Association's income-generating activities in a properly commercial manner: leading to budget deficits and the inability to generate sufficient funds to underpin the RYA's representative activities;
- Any significant reduction in the availability of grants and sponsorship funding: requiring cutbacks in the major programmes for the development of the sport such as OnBoard and adult participation, and/or threatening the success of the World Class Programme;
- A collapse in the value of the assets of the pension fund, which leads to the need to pay pensioners' benefits from the cash flow of the Association.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to;

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT INFORMATION

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

The directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Board of Directors confirm that they have complied with the above responsibilities.

AUDITORS

A resolution re-appointing haysmacintyre will be proposed at the AGM in accordance with S.485 of the Companies Act 2006.

By order of the Board on 28th June 2012.

D L Murray, FCMA

Director

Registered Office:
RYA House, Ensign Way, Hamble,
Southampton, Hants SO31 4YA

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the Royal Yachting Association for the year ended 31 March 2012 that comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2012 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Riley (Senior statutory auditor)

for and on behalf of haysmacintyre, Statutory Auditor
Fairfax House, 15 Fulwood Place, London WC1V 6AY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Note	2012 £	2011 £
Income	2	20,309,426	19,858,625
Direct expenditure	3	<u>14,377,240</u>	<u>14,019,895</u>
Net income		5,932,186	5,838,730
Administrative expenditure	4	<u>4,717,242</u>	<u>5,098,200</u>
Operating surplus	8	1,214,944	740,530
Return on investments	9	41,806	134,123
Rental income		43,876	65,267
Gains on disposal of tangible fixed assets		9,811	7,594
Other income		<u>–</u>	<u>9,120</u>
Surplus on ordinary activities before taxation		1,310,437	956,634
Taxation	10	46,958	69,400
Retained surplus for the year	19	<u>1,263,479</u>	<u>887,234</u>

All income, and the operating surplus, is derived from continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 31st MARCH 2012

	Note	2012 £	2011 £
Surplus for the year after taxation		1,263,479	887,234
Loss on revaluation of tangible fixed assets	–	–	(653,297)
Actuarial loss	23f	(723,000)	(400,000)
Total gains and losses recognised since last annual report	20	<u>540,479</u>	<u>(166,063)</u>

The notes on pages 17 to 29 form part of the financial statements

BALANCE SHEET

31st MARCH 2012

	Note	2012	2012	2011	2011
		£	£	£	£
Tangible fixed assets	11		8,481,946		8,522,522
Investments	12		157,144		157,144
Current assets					
Stocks	13	835,470		859,728	
Debtors	14	1,895,237		1,522,855	
Cash at bank	22	<u>295,877</u>		<u>366,688</u>	
		3,026,584		2,749,271	
Creditors: amounts falling due within one year	15	<u>(3,836,580)</u>		<u>(4,064,149)</u>	
Net current liabilities			<u>(809,996)</u>		<u>(1,314,878)</u>
Total assets less current liabilities			7,829,094		7,364,788
Creditors: amounts falling due after more than one year	16		(1,118,169)		(1,899,421)
Deferred taxation	18		(71,052)		(55,973)
Pension (liability)/asset	23c		(294,000)		396,000
Net assets (including pension)			<u><u>6,345,873</u></u>		<u><u>5,805,394</u></u>
Financed by:					
Accumulated fund	19		6,345,873		5,805,394
Members' funds	20		<u><u>6,345,873</u></u>		<u><u>5,805,394</u></u>

The financial statements were approved and authorised for issue by the Board on 28th June 2012 and were signed below on its behalf by:



S Clark
Chairman

The notes on pages 17 to 29 form part of the financial statements

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	Note	2012	2012	2011	2011
		£	£	£	£
Operating surplus		1,214,944		740,530	
Depreciation		512,441		468,328	
Loss on revaluation of tangible fixed assets		–		220,475	
Pension contributions		(68,000)		(118,000)	
Current and past service cost		69,000		108,000	
Decrease in stocks		24,258		35,706	
Increase in debtors		(372,382)		(116,158)	
Decrease in creditors		<u>(270,098)</u>		<u>(408,096)</u>	
Net cash inflow from operating activities			1,110,163		930,785
Returns on investment and servicing of finance					
Interest received		1,737		1,990	
Dividends and other income received		<u>49,945</u>		<u>79,515</u>	
Net cash inflow from returns on investments and servicing of finance			51,682		81,505
Taxation					
Corporation tax paid			<u>(39,888)</u>		<u>(15,591)</u>
			1,121,957		996,699
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(478,893)		(324,315)	
Receipts from sales of tangible fixed assets		16,839		17,150	
Payments to acquire investments		–		–	
Receipts from sales of investments		<u>–</u>		<u>43,129</u>	
			(462,054)		(264,036)
Financing					
Repayment of loan			(730,714)		(819,286)
Decrease in cash	22		<u><u>(70,811)</u></u>		<u><u>(86,623)</u></u>

The notes on pages 17 to 29 form part of the financial statements

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting basis

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of long leasehold premises, and in accordance with applicable accounting standards.

(b) Subscriptions

Subscriptions are receivable on 12 different dates during the year and the credit to the income and expenditure account represents the proportion received appropriate to the period.

(c) Stock

Stock and work in progress have been valued at the lower of cost and net realisable value. Stocks are generally represented by paper and electronic publications. Work in progress represents costs associated with publications not yet available for resale.

For finished goods cost is calculated on the first in first out method and for work in progress cost reflects costs incurred to date.

(d) Depreciation

Leasehold land and buildings are stated at valuation or cost. All other tangible fixed assets are stated at cost.

A full valuation is undertaken every five years and an interim valuation every three years. Any surplus or deficit is transferred to the revaluation reserve unless any impairment relates to a permanent diminution in value in which case it is taken to the income and expenditure account.

Depreciation is calculated using the straight line method to write down the cost of all assets, except for land, over their expected useful lives using the following rates:

	Percentage
Leasehold land	Nil
Leasehold buildings	2
Fixtures, fittings, vehicles and equipment	7–50

(e) Investments

Investments are included at cost less provision for permanent diminution. Profits or losses generated on disposal of investments are recorded in the year in which the disposal is made.

(f) Grants

Grants related to expenditure on tangible fixed assets are deferred fully in the year of receipt and are then credited to the income and expenditure account at the same rate as the depreciation on the assets to which the grants relate. Grants of a revenue nature are credited to income in the period to which they relate.

The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to income.

(g) Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. It is the Association's policy not to discount deferred tax to reflect the time value of money.

(h) Pension costs

The Association has a defined benefit pension scheme, the assets of which are administered by trustees. The Association complies with FRS 17 'Retirement Benefits', and all subsequent amendments, and the pension scheme surplus or deficit is recognised in full. The movement in the surplus/deficit is split between administrative expenditure; return on investments; and in the statement of total recognised gains and losses.

2. INCOME

	2012	2011
	£	£
Income is derived from the following sources:		
Subscriptions and donations	3,998,959	3,876,380
Sales of goods and services	5,347,623	5,324,268
Events and coaching	2,255,000	2,397,240
Sports Council grants receivable	2,586,651	2,360,835
Other grants	194,322	295,976
World Class Programme grants and fees	5,926,871	5,603,926
	<u>20,309,426</u>	<u>19,858,625</u>
Income is derived from the following geographical locations:	£	£
United Kingdom	18,749,408	18,551,233
European Union	1,034,322	754,378
Rest of the World	525,696	553,014
	<u>20,309,426</u>	<u>19,858,625</u>

3. DIRECT EXPENDITURE

	£	£
Membership promotion and services	1,240,441	1,005,528
Cost of goods and services sold	2,570,317	2,607,044
Events and coaching	1,975,145	2,180,186
Sports Council grants disbursed	2,586,651	2,360,835
Other grants	77,815	262,376
World Class Programmes	5,926,871	5,603,926
	<u>14,377,240</u>	<u>14,019,895</u>

4. ADMINISTRATIVE EXPENDITURE

	£	£
Establishment expenses	182,444	394,348
Staff costs (Notes 5, 6 & 7)	3,420,246	3,371,574
Finance costs	99,338	106,718
Administrative overheads	1,015,214	1,225,560
	<u>4,717,242</u>	<u>5,098,200</u>

5. STAFF COSTS

	2012	2011
	£	£
Total Salaries	4,410,987	4,152,126
Total Social Security Costs	409,354	414,400
Total Pension and Life Assurance Costs	445,107	
	<u>5,265,448</u>	<u>4,984,275</u>
Less staff costs included in Direct Expenditure	(1,845,202)	(1,612,701)
	<u><u>3,420,246</u></u>	<u><u>3,371,574</u></u>
The average number of employees during the year was	Number	Number
Senior Management	19	18
Executive Officers and Coaches	58	56
Administration and Support	77	78
	<u>154</u>	<u>152</u>

Revised company Articles were adopted at the AGM in November 2011. These transferred the directors' responsibilities under the Companies Act 2006 from Council to a newly created Board of Directors. Remuneration paid to the two executive directors during the year amounted to £71,120. The remuneration of the highest paid director was £41,900. No remuneration was paid to the seven non-executive directors.

6. FINAL SALARY PENSION SCHEME

The Association has a non-contributory pension scheme for certain of its senior managers and coaches who joined before 31st March 2001 that provides retirement benefits based on final salary and length of service. The assets of the scheme are held separately from those of the Association. Contributions to the scheme are charged to the Income and Expenditure account so as to spread the cost of the pensions over the employees' working lives with the Association. The contributions (currently 28.6% of salary) are determined by a qualified actuary on the basis of triennial valuation using a variant of the entry age method.

The most recent triennial valuation available was at 1st April 2011. The value of the assets represented 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The financial assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in pensionable salaries. The principal (non-financial) assumptions that have the most effect include mortality rates. The contributions for the year were £68,000 (2011: £118,000). The next triennial review is due as at 1st April 2014.

The most recent FRS 17 valuation as at 31st March 2012 showed that the market value of the scheme's assets was £6,104,000 (2011: £5,920,000).

Senior managers who joined from 1st April 2001 have been offered membership of the group personal pension plan.

7. OTHER PENSIONS

The Association contributes to individual pension plans for certain coaches and middle managers who joined before 1st April 2003 at a rate of 12.5% of annual salary on a monthly basis. The premiums paid are charged to the Income and Expenditure account.

Since 1st April 2003 all new staff have been eligible to join a single group personal pension plan. The Association's contribution to the GPPP is equivalent to 10% of annual salary (and the employees' is 3%). The premiums paid are charged to the Income and Expenditure account.

The premiums paid into these plans amounted to £322,991 (2011: £303,871).

8. OPERATING SURPLUS

	2012	2011
	£	£
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation included in direct expenses	283,712	240,065
Depreciation included in general expenses and establishment expenses	228,729	228,263
Loss on revaluation of tangible fixed assets	–	220,475
Operating lease rentals – land and buildings	28,560	27,514
Auditors' remuneration audit fees	28,200	30,200
Auditors' non audit fees	3,800	9,409
Gain on disposal of tangible fixed assets	9,811	7,594

9. RETURN ON INVESTMENTS

	£	£
Dividends and interest on quoted investments	6,069	5,128
Interest on deposits	<u>1,737</u>	<u>1,990</u>
	7,806	7,118
Net (loss) on sale of investments	–	(6,995)
Net return from other finance income relating to the defined benefit pension scheme (Note 23(f))	34,000	134,000
	<u><u>41,806</u></u>	<u><u>134,123</u></u>

10. TAXATION

	2012	2011
	£	£
UK Corporation tax	52,641	60,650
Corporation tax under/(over) provision in prior years	<u>(20,762)</u>	<u>(9,108)</u>
	31,879	51,542
Deferred taxation (Note 18)	15,079	17,858
	<u>46,958</u>	<u>69,400</u>
Tax charge reconciliation		
Surplus on ordinary activities before tax	<u>1,310,437</u>	<u>956,634</u>
Surplus on ordinary activities multiplied by the standard rate of UK Corporation tax (2011: 21%)	262,087	200,894
Effects of:		
Amounts not taxable	(179,701)	(103,852)
Capital allowances	(29,745)	(36,392)
Amount relating to prior year	(20,762)	(9,108)
Current tax charge	<u>31,879</u>	<u>51,542</u>

Factors that may affect future tax charges:

No significant timing differences arise in respect of the profits subject to tax and no material deferred tax asset or liability exists.

11. TANGIBLE FIXED ASSETS

	Long leasehold premises	Fixtures, fittings, vehicles & Equipment	Total
	£	£	£
Cost/valuation			
At 1st April 2011	7,861,982	2,686,888	10,548,870
Additions	–	478,893	478,893
Disposals	–	(75,619)	(75,619)
At 31st March 2012	<u>7,861,982</u>	<u>3,090,162</u>	<u>10,952,144</u>
Depreciation			
At 1st April 2011	182,537	1,843,811	2,026,348
Charge for year	147,544	364,897	512,441
On disposals	–	(68,591)	(68,591)
At 31st March 2012	<u>330,081</u>	<u>2,140,117</u>	<u>2,470,198</u>
Net book value			
Hamble	3,281,641	364,671	3,646,312
Portland	<u>4,250,260</u>	<u>585,374</u>	<u>4,835,634</u>
At 31st March 2012	<u>7,531,901</u>	<u>950,045</u>	<u>8,481,946</u>
At 31st March 2011	<u>7,679,445</u>	<u>843,077</u>	<u>8,522,522</u>

At 31st March 2011 the two long leasehold properties at Hamble were valued at £3,335,000 by Hughes Ellard, Chartered Surveyors. The long leasehold property at Portland is included at cost. The directors do not believe that the carrying value stated above is materially misstated. If all of the properties were stated on a historical basis, the amounts would be as follows:

	2012	2011
	£	£
Cost	8,645,885	8,645,885
Accumulated depreciation	(898,474)	(725,556)
	<u>7,747,411</u>	<u>7,920,329</u>

12. INVESTMENTS

COST

At 31st March 2011	£ 157,144
Disposals	–
At 31st March 2012	<u>157,144</u>

All investments are listed and dealt with on a recognised stock exchange. The market value of the investments at 31st March 2012 was £155,928 (2011: £157,114). The investments are held at cost less a provision for diminution in value of £102,422.

13. STOCK

	2012	2011
	£	£
Finished products	647,710	746,553
Work in progress (Note 1 (c))	106,239	113,175
Olympic Games tickets held for sale	81,521	–
	<u>835,470</u>	<u>859,728</u>

Replacement cost is not significantly different to the amounts stated above.

14. DEBTORS

	£	£
Trade debtors	864,858	705,077
Other debtors	384,815	528,207
Prepayments	645,564	289,571
	<u>1,895,237</u>	<u>1,522,855</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Bank loan	104,167	86,681
Trade creditors	808,349	1,198,098
Corporation tax	52,641	60,650
Other taxes and social security payments	144,002	126,867
Other creditors	44,049	36,814
Accruals	193,167	225,986
Subscriptions in advance	1,686,292	1,647,500
Deferred grants (Note 17)	56,681	44,454
Other deferred income	747,232	637,099
	<u>3,836,580</u>	<u>4,064,149</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Bank loan	845,833	1,594,033
Deferred grants	272,336	305,388
	<u>1,118,169</u>	<u>1,899,421</u>
Debt maturity: amounts payable		
Due within one year	104,167	86,681
Due between one to two years	104,167	104,167
Due between two to five years	312,501	312,501
Due in more than five years	429,165	1,177,365
	<u>950,000</u>	<u>1,680,714</u>

The Association took out a loan to finance the acquisition of RYA House Portland. The interest rate is 1.25% above one month sterling LIBOR and the loan is secured on certain assets of the Association. The loan is repayable over 25 years. The fit out of the elite Performance Unit in Portland Marina was funded by a capital grant from Sport England. Sport England has taken a legal charge on the 15-year lease to the effect that the grant may be repayable if the Association breaks the lease during this period.

17. DEFERRED GRANTS

	Capital	Revenue	Total
	£	£	£
Balance at 1st April 2011	345,134	4,708	349,842
Grants received	110,000	8,063,135	8,173,135
Grants released	(128,964)	(8,064,996)	(8,193,960)
Balance at 31st March 2012	<u>326,170</u>	<u>2,847</u>	<u>329,017</u>

Grants are released to Income and Expenditure account to match expenditure (including depreciation) incurred on the defined programmes.

18. DEFERRED TAXATION

	2012	2011
	£	£
Deferred taxation in respect of:		
Accelerated capital allowances	<u>71,052</u>	<u>55,973</u>
Movement in year:		
1st April 2011	55,973	38,115
Charged to income and expenditure account	15,079	17,858
31st March 2012	<u>71,052</u>	<u>55,973</u>

19. RESERVES

	£ Accumulated Fund	
At 1st April 2011		5,805,394
Retained surplus for the year		1,263,479
Actuarial loss (Note 23 (e))		(723,000)
At 31st March 2012		<u>6,345,873</u>
	2012	2011
	£	£
Accumulated Fund excluding pension (liability)/asset	6,639,873	5,409,394
Pension reserve (Note 23 (c))	(294,000)	396,000
Accumulated Fund including pension (liability)/asset	<u>6,345,873</u>	<u>5,805,394</u>

20. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	2012	2011
	£	£
Surplus for the year before appropriations	1,263,479	887,234
Other gains and losses (Note 23 (f))	(723,000)	(400,000)
Impairment	<u>–</u>	<u>(653,297)</u>
Net increase/(decrease) in members' funds	540,479	(166,063)
Opening members' funds	5,805,394	5,971,457
Closing members' funds	<u>6,345,873</u>	<u>5,805,394</u>

21. LIABILITY OF MEMBERS

Every full member of the Association undertakes to contribute to the assets of the Association, in the event of the same being wound up while he is a member or within one year after he ceases to be a member, for payment of the debts and liabilities of the Association contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding £1. The number of members of all categories at 31st March 2012 was 102,230 (2011: 101,040).

22. NOTES TO THE CASH FLOW STATEMENT

	2012	2011	
	£	£	
(a) Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year	(70,811)	(86,623)	
Cash outflow from debt financing	<u>730,714</u>	<u>819,286</u>	
Movement in net debt	659,903	732,663	
Opening net debt	(1,314,026)	(2,046,689)	
Closing net debt	<u>(654,123)</u>	<u>(1,314,026)</u>	
(b) Analysis of changes in net debt			
	At 1st April 2011	Cash flow	At 31st March 2012
	£	£	£
Cash at bank	366,688	(70,811)	295,877
Debt due within one year	(86,681)	(17,486)	(104,167)
Debt due after one year	(1,594,033)	748,200	(845,833)
Total	<u>(1,314,026)</u>	<u>659,903</u>	<u>654,123</u>

23. FINAL SALARY PENSION SCHEME COMMITMENTS

(a) The Association complies with Financial Reporting Standard (FRS) 17 and the subsequent amendment dated December 2008, which aligns the disclosure and accounting requirements to that of IAS 19 'Employee Benefits'. The valuation set out below has been based on the triennial valuation at 1st April 2011, as updated by a qualified actuary, to assess the assets/(liabilities) of the scheme on the FRS 17 basis at 31st March 2012. This Note introduces the necessary changes in disclosures and restates prior year figures where appropriate.

The principal actuarial, and main financial, assumptions used to calculate the scheme liabilities under FRS 17 (as amended) are:

	2012	2011	2010
Rate of increase in salaries	3.45%	3.75%	3.10%
Rate of increase of pensions in payment for service up to 31st March 2004	5.00%	5.00%	5.00%
Rate of increase of pensions in payment for service between 1st April 2004 and 31st March 2006 (LPI maximum 5%)	2.35%	3.00%	3.10%
Rate of increase of pensions in payment for service after 1st April 2006 (LPI maximum 2.5%)	2.15%	2.40%	2.40%
Discount rate	4.60%	5.25%	5.60%
Inflation rate	2.50%	3.00%	3.10%
Rate of revaluation for pensions in deferment	2.45%	3.00%	3.10%

(b) The assumption on the rate of increase in salaries has been based on the forecast inflation rate. An increase of 0.5% in the assumed rate would increase liabilities by between 5% and 10%.

The rates for increases in pensions in payment are governed by the rules of the scheme.

The discount rate used is the yield on the iBoxx index 'AA rated corporate bonds with terms over 15 years'. A reduction in the assumed rate of 0.25% would increase the liabilities for non-pensioner members by some 5%.

The inflation rate is a best estimate assumption of future RPI over the long term. The assumption has been guided by differencing the yields of medium-term conventional and index-linked gilts, and by consideration of the Bank of England's published 'implied inflation curve' over 20 years. An increase in the assumed rate of 0.25% would increase liabilities for non-pensioner members by some 5%. CPI is assumed to be 1% less than RPI.

The rate of revaluation for pensions in deferment is CPI, capped at 5%.

The assumption for mortality rates is based on the standard table S1PA, using 100% of the base table, with medium cohort mortality improvements subject to a 1% minimum to the annual improvements. The mortality assumptions used at 31st March 2012 followed the PA92 table with medium cohort mortality improvements subject to a 1% minimum to the annual improvements. Members are treated as if they were two years older. Assuming retirement at age 65, the life expectancies based on the mortality assumption are illustrated as follows:

	31st March 2012	31st March 2011
For a male aged 65 now	21.5	20.9
At 65 for a male aged 45 now	23.4	22.8
For a female aged 65 now	24.1	24.2
At 65 for a female aged 45 now	26.0	26.2

(c) The assets in the scheme and the expected rate of return were:

	2012	2012	2011	2011	2010	2010
	%	£'000	%	£'000	%	£'000
Equities	6.3%	4,123	6.0%	3,939	8.50%	3,634
Bonds *	4.4%	1,609	5.5%	1,461	5.40%	1,480
Cash and other assets	4.2%	<u>372</u>	4.9%	<u>510</u>	2.0%	<u>473</u>
Total market value of assets		6,104		5,920		5,587
Defined benefit obligation		(6,398)		(5,524)		(4,935)
Net pension (liability)/asset		<u>(294)</u>		<u>396</u>		<u>652</u>

* For 2012 a weighted average return has been calculated for the actual holding of bonds in the pension fund.

The majority of the assets of the fund are divided between an investment in the Rathbones UK Managed Pension Fund (31%) and a portfolio managed by Savoy Investment Managers (52%). The remainder of the assets are directly managed by the trustees. At 31st March 2012 the assets were split between equities (68%), UK Government and corporate bonds (26%), and property funds and cash (6%). The trustees' policy is to remain weighted toward equities in the expectation of better returns over the longer term.

(d) Movement in scheme's assets during the year:	2012	2011
	£'000	£'000
Assets at beginning of the year	5,920	5,587
Expected return on the assets	324	410
Actuarial (losses)/gains	(73)	51
Contributions received	68	118
Benefits paid	(135)	(246)
Assets at the end of the year	<u>6,104</u>	<u>5,920</u>

(e) Movement in the defined benefit obligation (i.e. liabilities) during the year:	2012	2011
Defined benefit obligation at beginning of the year	5,524	4,935
Current service cost	69	72
Interest on obligation	290	276
Actuarial losses	650	451
Past service cost	–	36
Benefits paid	(135)	(246)
Defined benefit obligation at the end of the year	<u>6,398</u>	<u>5,524</u>

(f) Amounts charged to operating surplus:	2012	2011
	£'000	£'000
Current service cost	69	72
Past service cost	–	36
	<u>69</u>	<u>108</u>
Amounts credited to return on investments:		
Expected return on assets	324	410
Interest on liabilities	(290)	(276)
Net financial return	<u>34</u>	<u>134</u>
Amounts recognised in the Statement of Total Recognised Gains and Losses:		
Actual return less expected return on assets	(73)	51
Experience losses on the liabilities	(54)	(63)
Change in assumptions	(596)	(388)
Actuarial loss	<u>(723)</u>	<u>(400)</u>

(g) Five-year history

The five-year history is as follows:	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Difference between the actual and expected return on assets	(73)	51	1,116	(1,365)	(477)
- percentage of scheme assets	1%	1%	20%	32%	9%
Experience gains (losses) on liabilities	(54)	(63)	56	343	(389)
- percentage of scheme liabilities	1%	1%	1%	9%	9%
Total amount recognised in the Statement of Total Recognised					
Gains and Losses	(723)	(400)	(98)	(453)	(12)
- percentage of scheme liabilities	11%	7%	2%	12%	0.3%

(h) General disclosures

The trustees are appointed by the Association. Normally, two thirds of the trustees will be member-nominated. The current incumbents are: the Head of Finance (pensioner member-nominated) and the Sports Development Manager (member-nominated).

The scheme is fully funded in terms of the valuation carried out for the triennial review as at 1st April 2011. However, the FRS 17 valuation as at 31st March 2012 shows a funding deficit of £294k. The directors recognise the Association's obligation to meet the liabilities of the scheme.

24. OPERATING LEASE COMMITMENTS

	2012	2011
	£	£
Land and buildings expiring after more than five years	<u>28,560</u>	<u>28,560</u>

PERSONAL AND LIFE MEMBERS' VOTING AND ATTENDANCE

APPOINTMENT OF A PROXY

Personal and Life Members may appoint a proxy to attend and vote at the AGM on their behalf. A form of appointment is enclosed with this mailing. If you wish to appoint the Chairman of the meeting to act as your proxy please complete the card appropriately and return it to RYA House to arrive by **16th November 2012**. If you appoint someone else as your proxy that person must bring the form of appointment to the meeting in order to gain admittance.

VOTING SLIPS

If the Chairman calls a card vote, this sheet enables Personal and Life Members (or their proxies) to vote in a card poll on up to three matters.

A resolution at the meeting may be put to a card vote. If during the debate on the resolution an amendment has been moved, the amendment must be voted upon first. If the amendment is defeated, then the meeting will vote upon the original resolution. In either event, the Chairman will read the resolution (or amendment) and will then ask those who wish to vote **For** the resolution (or amendment) to detach part A from this sheet and hand it to the tellers. The tellers will then count votes cast **For** the resolution.

Subsequently, the tellers will collect part A from those who wish to vote **Against** the same resolution (or amendment).

Parts B and C will (if necessary) be used on a second and third card vote.



2012 VOTING POWER 40

2012 VOTING POWER 40

2012 VOTING POWER 40

A

B

C





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