

**ROYAL YACHTING ASSOCIATION**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2015**

Registered number: 00878357

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# ROYAL YACHTING ASSOCIATION

## CHAIRMAN'S STATEMENT

### YEAR ENDED 31ST MARCH 2015

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I'm delighted to report that the core activities of the Association – membership, participation, performance and training - are in good health with increasing numbers of people enjoying a safe, successful and rewarding time on the water.

One of the most striking elements of the RYA's work is the breadth of activities and member interests it supports. In her report Sarah summarises some of the main highlights from the year. It is very clear as you read this what makes the Association successful: it is the ability to collaborate and form partnerships with a wide range of other organisations. Some of these relationships are formal, some more ad hoc, but the commitment and enthusiasm of volunteers and staff enable us to successfully work in conjunction with a broad spectrum of marine organisation partners, funding bodies and sponsors.

We are a membership organisation, and in the 2013-17 strategic plan we set ourselves the mission of becoming more relevant to more boating communities, with increasing the number of personal members being a measure of success. This is paying dividends with 2014/15 seeing the Association's highest ever membership, with growth continuing since the year-end.

Membership numbers are a good measure of the health of the sport but increasing participation is key to the future. We know that through a combination of volunteer clubs, training centres, Sailability groups and RYA initiatives funded by Sport England tens of thousands of people took to the water for the first time in 2014. People come into boating in many different ways but the consistent growth of RYA programmes like OnBoard (over 500,000 young people introduced to sailing in 10 years) and Push the Boat Out (coordinated open days involving hundreds of clubs) are a great example of how we can help support local activity. In particular by encouraging those who wouldn't normally consider boating to try it for the first time.

The performance of our elite athletes will start to attract attention in the run up to Rio 2016. We have consistently been one of the top sailing nations, as well as one of the top UK Olympic sports, and there is a vibrant pathway for competitors, coaches and race officials to help ensure this continues. You will be aware that the future of Paralympic sailing is uncertain following confirmation that it will not be included for Tokyo 2020. We worked in conjunction with other national authorities and ISAF to try to overturn this decision and will now focus our efforts on re-instatement for 2024.

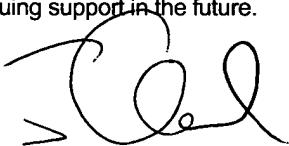
Our training activity is evolving rapidly due to e-learning and digital publishing. We have invested to ensure RYA qualifications remain the world leaders in this new environment, using new technology to complement not replace our practical training on the water. Our e-learning approach has won international awards and there are now 21 countries around the world formally recognising RYA Yachtmaster Certificates of Competence.

Safety afloat is something we take very seriously and the RYA, in conjunction with other partners such as the MCA, MAIB and RNLI, plays a leading role in both the development of practical recommendations, and the communication of them, to the boating public. Our Safety Advisory Notices have now become an established way of enabling the leisure boater to keep up to date, and form part of the RYA's comprehensive safety hub on our website. Please use this facility and encourage others to do so.

While the core activities of the Association continue to go from strength to strength our accounts contain some significant deviations from business as usual. More detail is contained within both the report opposite and the notes to the accounts. Like all organisations with defined benefits pension schemes we experience fluctuations from year to year in how these assets and responsibilities are recognised in our accounts; with a large gain last year and a large loss this year. Despite the actuarial presentation while liabilities have increased underlying assets have also increased in value.

The more significant item relates to the powerboat racing accident in 2005 that I referred to at the AGM in November 2014. We have settled the case but are in dispute with both the claimant's lawyers and our insurers regarding the amount of, and responsibility for, the claimant's legal costs. The Directors believe that the claim can be settled for less than £3.3m. Notwithstanding this, the full amount claimed has been provided for pending settlement. We do not anticipate any of our core activity being impacted as a result of this claim, however we are undertaking a full review of powerboat racing to ensure that the Association is not subject to an unacceptable level of risk in the future.

In 2014/15 the RYA made progress in achieving its goals in all key areas – membership, participation, performance and training. Thank you to all the members, staff, volunteers and partners who contributed to the Association's success this year and for your continuing support in the future.



**Stacey Clark**  
Chairman

# ROYAL YACHTING ASSOCIATION

## CHIEF EXECUTIVE'S STRATEGIC REPORT

YEAR ENDED 31ST MARCH 2015

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### BUSINESS REVIEW

There are three elements to the Association's finances this year: the operational, exceptional and actuarial. On the operational side, continued growth in membership, training and publications delivered some strong results. Total income was £280k above budget at £20.8m, whilst direct costs were £420k below budget; delivering net income of over £6.0m. Administrative overheads were again below budget, and the resulting underlying operating surplus before exceptional costs of £1.15m was over £1m above plan.

However, as is explained in the notes to the accounts, an exceptional charge of £500k was taken against the Income and Expenditure account relating to the compensation payment made to the claimant in the Ridd powerboat racing accident case. A further £262k was charged in respect of legal costs associated with minimising the Association's exposure and reaching settlement with the claimant. The second material element comprises a £3.3m charge covering the full demand for the claimant's costs, which remains in dispute both as to quantum and responsibility.

Finally, the actuarial. Despite an increase in the value of the pension scheme's assets, FRS17 adjustments increased our liabilities by £1.05m as a result of changing assumptions: primarily the reduction in the discount rate used to value future pensions payable. This does not affect the result of the April 2014 triennial review completed during the year, nor the terms of our recovery plan as agreed with the trustees and subsequently approved by the Pensions Regulator.

Despite these adjustments, members' funds are at £3.45m and the Association remains in robust financial health.

### PRINCIPAL RISKS AND UNCERTAINTIES

Each element of the strategic plan is translated into key performance indicators and targets within the annual operating plan. This, alongside the risk register, is reviewed regularly by management and the Board in order to monitor progress and assess risk. The major risks and uncertainties as we commence the new fiscal year are:

- The scale and timing of the reduction in funding resulting from the IPC decision to omit sailing from the 2020 Paralympic Games
- The quantum, responsibility for meeting and timing of the final payment to the claimant's lawyers regarding the Ridd powerboat racing accident claim
- Any failure in our commercial income-generating activities whether caused by market conditions, competition or inadequacies in the Association's offer
- A negative impact on our recognised training centres in the Mediterranean and reduced demand for International Certificates of Competence resulting from the continued economic uncertainty in the European Economic Area and the Mediterranean migrant crisis

### MEMBERSHIP MATTERS

Membership recorded a nine-year high in January 2015, and by 31st March the Association had exceeded 104,000 members. This was due in part to growth in the numbers of clubs and training centres recommending RYA membership as Joining Points and also to the success of our Refer a Friend scheme. Members are increasingly making use of the benefits from our reward partners as we strive to make these benefits more valuable and relevant. Membership retention is improving with the average length of membership now at nine and half years.

As always, the age and boating interest of members is extremely broad, ranging from one to over 100 years old, in 115 countries. One of the fastest growing areas of boating interest over the past year has been dinghy cruising, which featured strongly at the RYA Suzuki Dinghy Show.

In August we carried out a survey in which, for the first time, we sought our members' opinion using a Net Promoter Score. This assesses satisfaction and the likelihood of recommending RYA membership to others. We were delighted to receive a score of 83% and will be striving to improve on this as we move forward.

Communication with members via RYA Magazine, targeted e-newsletters and the website has always been important. During 2014 we received over two million web visits and also grew our social media presence using Facebook and Twitter garnering over 30,000 likes and followers.

RYA instructor membership continues to grow as our bespoke offer to instructors increases. Throughout the year we also introduced a number of new reward partners, and now have over 50 organisations offering exclusive deals and discounts to

# ROYAL YACHTING ASSOCIATION

## CHIEF EXECUTIVE'S STRATEGIC REPORT

### YEAR ENDED 31ST MARCH 2015

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RYA members and instructors, including globally recognised brands such as the Intercontinental Hotels Group (incorporating Holiday Inn and Crowne Plaza), Virgin Flightstore and Carnival Cruises.

At the PSP Southampton Boat Show the membership lounge was relocated to a central location, working in partnership with the Holiday Inn, a move which received positive feedback from the 8,000 visitors to the lounge. In recognition of our longstanding members a number of very successful exclusive Gold Member events were held during the year. As well the London Boat Show, events were held at Derry/Londonderry during the Clipper Round the World Yacht Race stopover, the Scottish Boat Show, the All Wales Boat Show, and most recently the RYA Suzuki Dinghy Show.

#### PROMOTING SAFETY AFLOAT

Recreational boating has a strong safety record in the UK but it is sadly inevitable that accidents can and do happen within our sport. Our Safety Management Group meets on a regular basis to review reported accidents and discuss how best to promulgate the lessons learned to the appropriate communities. We continue to work closely with the MAIB, MCA, RNLI and other relevant groups to promote safer boating and prevent accidents from occurring.

As part of our commitment to promote and develop a culture of continuous safety improvement, the second RYA Safety Advisory Notice was issued in January 2015. The guidance focused on six key topics: personal location devices, communication, lifejackets and their servicing, running aground, weather forecasts and effective planning. This valuable tool for recreational boaters is part of the RYA's comprehensive safety hub on the website, which received 36,000 hits during the year.

SafeTrx, a smartphone app which is already successfully used in Ireland, Australia, South Africa and Spain, was launched in partnership with DeCare Systems Ireland after consultation with the MCA. It is a new method for boaters to monitor journeys and alert designated emergency contacts should they fail to return in line with their passage plan. Whilst the app is not intended as a replacement for normally approved distress alerting devices and navigational aids, it is especially valuable for use on RIBs, open powerboats or cruising dinghies which do not usually carry other tracking and alerting devices.

#### REPRESENTATION OF MEMBERS' INTERESTS

The political agenda is increasingly complex and is shaped by national security and public safety issues, economic pressures and European and other International regulatory issues. The RYA's role is to represent members' recreational boating interests to ensure that government, in all its forms, takes full account of our activities.

Our proactive engagement with the Marine Management Organisation on marine licensing for clubs has secured many benefits for clubs carrying out tidal works, such as exemptions for low-risk activities, accelerated and fast track licences, reduced licence fees for projects, and clarification of activities deemed "non-licensable."

We participated in the Government's consultation on the applications from 31 harbour authorities in England and Wales to be designated with the power to give harbour directions. We objected to a small number of these pending the creation of meaningful stakeholder or Port User Groups which include representation of recreational boating interests.

Using data collected over the past decade on cruising, racing and passage-making routes and the locations of clubs and marinas, we developed the UK Coastal Atlas of Recreational Boating. This has been invaluable when assessing new coastal and offshore development proposals. Data from the RYA SafeTrx app will be now used to enhance this Atlas.

We gave evidence to the Environmental Audit Committee and worked to ensure an appropriate balance between environmental and socio-economic factors in the designation of Marine Conservation Zones. Above all, we maintain that if lawful activities are potentially going to be regulated or prohibited then this must be based on objectively robust evidence.

Meanwhile we strengthened our position with the Department of Energy and Climate Change, the Department for Transport and wind farm developers in an effort to limit the impact of wind farms on the navigational rights and safety of recreational boating. We have also consulted on new tidal technologies and how they may affect us in the future. As ever, the team provided free advice to RYA members on all aspects of boating – ranging from purchase and registration issues, boating abroad, consumer disputes, salvage, and VAT.

The Green Blue supported Ben Ainslie Racing in achieving ISO20121. This international standard provides a framework for delivery of sustainable operations throughout the team's activities and highlights the importance of our work to promote sustainable behaviour both afloat and ashore. Advice from The Green Blue following the discovery of the invasive Quagga mussel also urged members to 'Check, Clean, Dry' boats and equipment before changing locations.

# ROYAL YACHTING ASSOCIATION

## CHIEF EXECUTIVE'S STRATEGIC REPORT

YEAR ENDED 31ST MARCH 2015

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### PARTICIPATION

The season was preceded by a mild but stormy winter. Clubs damaged by the turbulent weather were able to get back to business promptly with support from insurers and Sport England flood relief grants.

Development activities kicked off with Push the Boat Out 2014, which is our national programme of coordinated open days and taster sessions. Over 24,000 people visited one of the 260 venues, with over 16,000 potential new participants getting afloat. Nearly 2,500 individual and family club memberships were signed up over that weekend alone and many more new members were enlisted in the subsequent weeks.

Clubs provided Start Sailing beginner programmes to help recruit and retain these participants, and during the 2014 season engaged with over 21,000 people.

The 2014 RYA Club Census was supported by a pack of insights for clubs including results from the survey and some discussion stimulus for debate within their own committees. This included the factors influencing satisfaction within the sport and barriers to participation. The 2014 Survey returned an increase in overall affiliated club membership in England from 270,000 to 280,000 and an overall UK total of 332,000.

Sailability engaged with over 55,000 disabled participants, with approximately 15,000 becoming regular sailors. Sailability fund-raiser and ambassador Natasha Lambert completed her epic Sea and Summit challenge raising much needed funds and generating a great profile for the sport.

OnBoard reached the target set in 2004 of providing first experiences to over 500,000 young people within ten years, and surpassed the retention target of 50,000 regulars. Pleasingly, OnBoard sailors are now working and volunteering within the industry, training within our performance squads and competing for places on the Clipper Race.

Our Active Marina programme offers boat owners and berth holders additional training and confidence to use their boats more, broaden their horizons, and create more of a community within marinas. The programme provided training for over 4,000 berth holders across 55 venues, and the RYA Active Marina Experience at boat shows continues to be popular, providing free training and practical guidance afloat.

National participation figures suggest stable or modest increases in activity amongst all RYA interests; the national total of 2.8m boaters was the highest since 2009. We have also seen more significant increases in windsurfing, small sailboat racing, and higher-frequency participation generally which feeds into official government statistics, such as the Sport England Active People Survey.

The conclusion of the winter of 2014 and the start of the 2015 season was marked by the RYA Suzuki Dinghy Show – this year 9,500 visitors flocked to Alexandra Palace to hear talks ranging from the thrills of America's Cup racing to the gentler challenges of dinghy cruising. Club of the Year was awarded to Brightlingsea Sailing Club in recognition of the progress they have made engaging with their local community and increasing participation.

### RAISING STANDARDS OF PERFORMANCE

2014 saw the race for Rio 2016 qualification intensify, and the British Sailing Team qualified the maximum number of Games berths at the first available opportunity, which means that Great Britain will feature in all ten Olympic and all three Paralympic events in Rio next year. The team secured two silver medals at the IFDS Worlds, and Finn gold at the ISAF Sailing World Championships, with three bronze medals to achieve our medal targets as agreed with UK Sport.

The International Paralympic Committee's decision not to include sailing in the Tokyo 2020 Paralympic programme came as a huge disappointment and a shock to sailors the world over. Since the announcement we have worked closely with ISAF in support of its efforts to get the decision reversed.

Our racing talent pathway remains vibrant in terms of both performance and participation, with over 1,100 junior sailors taking part in the 2014 RYA Zone and Home Country Championships, and 388 sailors racing at the RYA Youth National Championships. British talent won 18 international youth and junior class medals and GBR was third on the Youth medal table for 2014.

# ROYAL YACHTING ASSOCIATION

## CHIEF EXECUTIVE'S STRATEGIC REPORT

### YEAR ENDED 31ST MARCH 2015

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Work to develop keelboat racing opportunities and standards is bearing fruit. The revamped British Keelboat Academy (BKA) squad size grew by 85% following a 133% increase in applications (female applications rose fivefold) and the BKA is becoming known as the go-to place for owners and professional skippers to recruit top young crew. Meanwhile British crews took gold at the 2014 FISU World Women's Match Racing Championships and bronze at the 2014 EUROSAF European Youth Match Racing Championships. Selection trials have concluded for British teams for the ISAF Team Racing World Championships, held on home waters at Rutland Sailing Club in July.

Developing world class Race Officials and Coaches at all levels remains a key focus of work. The national Race Officials Conference welcomed 194 delegates, whilst the introduction of live online streaming allowed an additional 178 people worldwide to follow sessions covering a wide range of topics from decision-making to drones.

The RYA coach development programme remains a benchmark among UK National Governing Bodies. This was evidenced at the prestigious Sports Coach UK Coaching Awards where Peter Walker won Performance Development Coach of the Year – the fourth consecutive year that an RYA coach has been recognised. Key priorities for the coming year include supporting new coaches to enable them to make a difference earlier in their careers, and to enhance club level coaching to support junior club racing.

The Technical Department has been continuing the development of handicapping systems in the UK with improvements made to both the Portsmouth Yardstick as well as the National Handicap for Cruisers. These improvements are intended to increase the fairness in competition between boats racing under either scheme and to provide more satisfactory racing between clubs.

The new Technical Officials Group has started to develop training material for measurers at club level which is aimed at increasing awareness around the equipment rules.

Powerboat Racing had another strong year across the three disciplines of Circuit, Offshore and Jetsport with many national and international successes. 2014 saw some changes for the offshore discipline with their class structure being reviewed and the introduction of sustainable EPA compliant engines. A subsequent more detailed Board-led review will follow later this year encompassing racing rules, licences, officials, risk assessment and event safety, training, insurance and governance.

### EDUCATION AND TRAINING

Overseas applications for RYA training centre recognition continued to grow, whilst UK centre numbers remained stable, taking the total RYA network to 2,368 centres in 47 countries. This was mirrored by an increase in instructor numbers to 24,785 with a significant proportion of the growth coming from overseas.

There was a marked increase in participation in the windsurfing and dinghy schemes, with particularly good signs in the Y Youth sector. The RYA power training schemes, continue to develop with growth in the number of personal watercraft courses taken and the addition of a specialist powerboat course for those involved in passenger carrying activities. The RYA Yachtmaster Certificate of Competence continues to grow in recognition abroad and is now formally accepted for commercial use in 21 countries.

An independent survey of 200 charter companies managing over 6,000 vessels around the world confirmed our belief that RYA Training remains a world-leading standard, with the vast majority of the operators questioned stating that charterers holding RYA qualifications were the best trained.

Our consolidation in the e-learning sector continued, with the RYA Short Range Certificate (SRC) online course launched in addition to the RYA training plotter designed to support RYA shorebased navigation courses. The team was awarded two international e-learning industry awards for the SRC course. A very creditable 4,000 people took the SRC e-learning course in 2014, and we are now seeing over 11,000 e-learning candidates a year. The new RYA Child Safeguarding course Safe and Fun was released in April 2015.

RYA Publications had an excellent year with strong sales across most categories as we continue the ongoing task of updating and reviewing all titles. The conversion of all RYA titles into digital format is more than 50% complete and will be finished by early 2016. The feedback on the new digital titles has been excellent and even the most traditional of us are finding the enhanced video and animated features of the digital range difficult to resist. We are confident these publications will continue to set the industry standard.

# ROYAL YACHTING ASSOCIATION

## CHIEF EXECUTIVE'S STRATEGIC REPORT

YEAR ENDED 31ST MARCH 2015

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### LOOKING TO THE FUTURE

The year ahead will see us engaging with a new Government as we aim to keep recreational boating at the forefront of policymaking with the help of members from all parties in both houses.

We will also welcome a new Chairman and Deputy Chairman, as Stacey Clark and Owain Franks complete their four-year terms. They leave the Association greatly strengthened having guided us through some challenging and exciting times. Thanks to both for their vision, humour and unstinting hard work.

An important milestone arrives in September as we apply for the advanced level of the sports councils' Equality Standard – we will be the first sports NGB to do so and it will mark the culmination of a nine-year journey to ensure all forms of boating are as accessible and inclusive as possible to all sectors of society.

Digital Development will remain a key focus, with a fully responsive website in development, new video and interactive content for our Start Boating pages and a new social media strategy aiming to engage and inspire new audiences. Training will also be completing the drive to convert all key titles to e-books, and allow an ever broader group of candidates to access RYA training via e-learning.

The year looks set to be an exciting one for racing. We hosted one of the stages of the ISAF Sailing World Cup competition at Weymouth and Portland in June, and are looking forward to the unique spectacle of the America's Cup catamarans racing in Portsmouth in July. Preparations for the Olympic and Paralympic Games in Rio will accelerate over the coming months as selections are made for Team GB.

We will also complete two years of work on our Membership structure project, aiming to make RYA membership even more relevant and appealing to more groups of boaters.

I would like to thank you for your continued support and look forward to sharing updates on further progress in our report next year.



**Sarah Treseder**  
**Chief Executive**

For the purposes of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014 the Chief Executive's Strategic Report satisfies the requirements of the "Strategic Report" and was approved by the Board as such on 23<sup>RD</sup> July 2015.

# ROYAL YACHTING ASSOCIATION

## DIRECTORS' REPORT

### YEAR ENDED 31ST MARCH 2015

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THE DIRECTORS WHO HELD OFFICE FROM 1<sup>ST</sup> APRIL 2014 TO 31<sup>ST</sup> MARCH 2015 WERE AS FOLLOWS:

#### NON-EXECUTIVE

Stacey Clark, Chairman

Owain Franks, Deputy Chairman

Paul Bryans

Michael Moore

Joanna Poulton

Tristan Elbrick\*

Antony Rowe\*

John Scott\*\*

Sarah Hanratty\*\*

#### EXECUTIVE

Sarah Treseder, Chief Executive

David Strain, Head of Finance

\*Retired 21<sup>st</sup> November 2014

\*\*Appointed 21<sup>st</sup> November 2014

#### STATUS

The Royal Yachting Association is a company limited by guarantee and is referred to in this Report and Financial Statements either as "the Association" or "the company".

#### 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; 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 CEO. The Chairman and Deputy Chairman sit on the Board ex-officio. The Head of Finance is appointed as a Director by Council. The election of the non-executive directors is informed 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 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. 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. It also oversees the Board's performance on behalf of members. Council has established policy-forming committees for each area of the Association's activities. Members of the committees are volunteers who have demonstrable expertise in the relevant areas.

The Audit Committee assesses financial reporting, risk management, safety issues and procedures. It reports to the Board in this role. It also acts as a committee of Council to help Council 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 in accordance with Council policy, leading and managing the staff and overseeing the RYA's day-to-day operations.



## ROYAL YACHTING ASSOCIATION

### DIRECTORS' REPORT (continued)

YEAR ENDED 31ST MARCH 2015

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#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' 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 which 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 in order 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 s485 of the Companies Act 2006.

On behalf of the Board on 23/7/15



**D A Strain FCCA**  
Director

#### Registered Office:

RYA House,  
Ensign Way,  
Hamble,  
Hants,  
SO31 4YA

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE ROYAL YACHTING ASSOCIATION**

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We have audited the financial statements of the Royal Yachting Association for the year ended 31 March 2015 which 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 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 8, 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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 31 March 2015 and of its deficit 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.

**Emphasis of matter**

We draw attention to Notes 4 and 19 to the financial statements regarding the uncertainty relating to the outcome of the disputed claim for legal costs made against the company. Our opinion is not modified in respect of this matter.

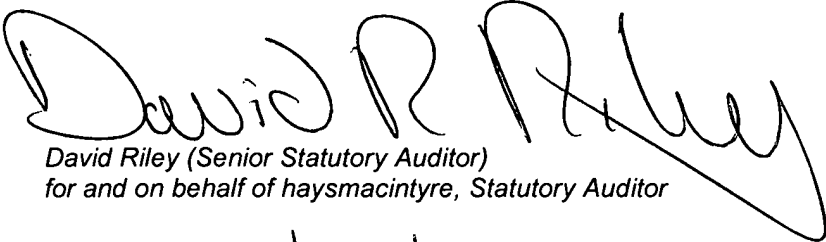
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the Strategic 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

26 Red Lion Square  
London  
WC1R 4AG

23/07/15

**ROYAL YACHTING ASSOCIATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31ST MARCH 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>INCOME</b>	<b>2</b>	<b>20,673,653</b>	<b>19,341,326</b>
Direct expenditure	<b>3</b>	<b>(14,589,267)</b>	<b>(13,991,719)</b>
Net income		<b>6,084,386</b>	<b>5,349,607</b>
Administrative expenditure		<b>(4,931,323)</b>	<b>(5,018,433)</b>
Exceptional administrative expenditure	<b>4</b>	<b>(4,061,664)</b>	<b>-</b>
Total administrative expenditure	<b>5</b>	<b>(8,992,987)</b>	<b>(5,018,433)</b>
<b>OPERATING (DEFICIT)/SURPLUS</b>	<b>9</b>	<b>(2,908,601)</b>	<b>331,174</b>
Return on investments	<b>10</b>	<b>102,179</b>	<b>72,475</b>
Rental income		<b>21,809</b>	<b>38,955</b>
Gains on disposal of tangible fixed assets		<b>9,900</b>	<b>5,594</b>
Gains on disposal of investments		<b>15,088</b>	<b>1,800</b>
Impairment of tangible fixed assets		<b>-</b>	<b>(574,400)</b>
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,759,625)</b>	<b>(124,402)</b>
<b>TAXATION</b>	<b>11</b>	<b>(90,589)</b>	<b>(36,462)</b>
<b>RETAINED DEFICIT FOR THE YEAR</b>	<b>20</b>	<b>(2,850,214)</b>	<b>(160,864)</b>

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

The notes on pages 14 to 25 form part of the financial statements

**ROYAL YACHTING ASSOCIATION**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 31ST MARCH 2015**

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	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Deficit for the year after taxation		(2,850,214)	(160,864)
Actuarial (loss)/gain	23(e)	<u>(1,131,000)</u>	<u>397,000</u>
<b>Total gains and losses recognised since last annual report</b>	20	<u><u>(3,981,214)</u></u>	<u><u>236,136</u></u>

The notes on pages 14 to 25 form part of the financial statements

## BALANCE SHEET

31ST MARCH 2015

	Note	2015		2014	
		£	£	£	£
<b>TANGIBLE FIXED ASSETS</b>	12		7,117,438		7,423,852
<b>INVESTMENTS</b>	13		-		67,517
			<u>7,117,438</u>		<u>7,491,369</u>
<b>CURRENT ASSETS</b>					
Stocks	14	367,396		472,541	
Debtors	15	1,396,783		1,852,995	
Cash at bank	22(b)	1,304,570		1,234,957	
		<u>3,068,749</u>		<u>3,560,493</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	<u>(3,028,161)</u>		<u>(3,282,638)</u>	
<b>NET CURRENT ASSETS</b>			<u>40,588</u>		<u>277,855</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,158,026</u>		<u>7,769,224</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17		(210,609)		(236,937)
<b>PROVISIONS FOR LIABILITIES</b>	19		(2,427,861)		(81,517)
<b>PENSION LIABILITY</b>	23(b)		(1,066,000)		(16,000)
<b>NET ASSETS</b>			<u><u>3,453,556</u></u>		<u><u>7,434,770</u></u>
<b>FINANCED BY:</b>					
<b>ACCUMULATED FUND</b>	20		<u>3,453,556</u>		<u>7,434,770</u>
<b>MEMBERS' FUNDS</b>	20		<u><u>3,453,556</u></u>		<u><u>7,434,770</u></u>

The financial statements were approved and authorised for issue by the Board on 23rd July 2015 and were signed below on its behalf by:



**S Clark**  
Chairman

The notes on pages 14 to 25 form part of the financial statements

**ROYAL YACHTING ASSOCIATION**

**CASH FLOW STATEMENT**

**YEAR ENDED 31ST MARCH 2015**

	Note	2015	2014
		£	£
Operating (deficit)/surplus	(2,908,601)		331,174
Depreciation	367,186		476,042
Gain on revaluation of tangible fixed assets	-		(87,781)
Defined benefit pension contributions	(54,000)		(71,000)
Current and past service cost	64,000		90,000
Decrease in stocks	105,145		138,092
Decrease/(increase) in debtors	456,212		(281,402)
(Decrease)/increase in creditors	(330,184)		179,563
Increase in provision for legal costs	2,337,878		-
<b>Net cash inflow from operating activities</b>		<b>37,636</b>	<b>774,688</b>
<b>Returns on investment and servicing of finance</b>			
Interest received	10,685		7,927
Dividends and other income received	22,303		44,503
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>32,988</b>	<b>52,430</b>
<b>Taxation</b>			
Corporation tax paid		(32,744)	(75,180)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(64,746)		(207,274)
Receipts from sales of tangible fixed assets	13,874		8,658
Receipts from sales of investments	82,605		89,457
		<b>31,733</b>	<b>(109,159)</b>
<b>Financing</b>			
Repayment of loan	-		(217,518)
			<b>(217,518)</b>
<b>Increase in cash</b>	<b>22(a)</b>	<b>69,613</b>	<b>425,261</b>

The notes on pages 14 to 25 form part of the financial statements

**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 specialised property, and in accordance with applicable accounting standards.

**(b) Exemption from preparing group accounts**

The Royal Yachting Association is the sole member of the RYA Foundation, a charitable company limited by guarantee. In the opinion of the directors the size and assets of the subsidiary charity mean that the presentation of the combined results and financial position in consolidated financial statements is not material for the purpose of giving a true and fair view. These financial statements present the results and position of the Royal Yachting Association as a single entity and not as the group.

**(c) Going concern**

The directors have reviewed the Association's current financial position and future cash flow forecasts and are satisfied that the Association will continue to be able to meet its liabilities as they fall due. As such, the Association's financial statements have been prepared on the going concern basis.

**(d) Income Recognition**

Income is recognised at the fair value of the consideration receivable for the sale of goods and/or services in the ordinary nature of the business. Income is shown net of Value Added Tax for goods sold and services provided and is recognised in the accounting period in which the supply is made.

Annual personal members' subscriptions are received on different dates during the year and the credit to the income and expenditure account represents the proportion receivable appropriate to the accounting period. Affiliated club subscriptions are due in January for the calendar year and the credit to the income and expenditure account represents the proportion received appropriate to the accounting period.

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.

**(e) 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.

**(f) Tangible fixed assets and depreciation**

Leasehold land and buildings are stated at open market value on an existing use basis. Specialised property relates to leasehold property at Portland which is of such a nature that it would not be sold on the open market for continuation of its existing use. Accordingly this property is stated at valuation on a depreciated replacement cost basis.

A full valuation is undertaken every five years and an interim valuation every three years for all properties stated at valuation. 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. All other tangible fixed assets are stated at cost.

# ROYAL YACHTING ASSOCIATION

## NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2015

### 1. ACCOUNTING POLICIES (continued)

#### (f) Tangible fixed assets and depreciation (continued)

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 buildings	2
Specialised property	2
Fixtures, fittings, vehicles and equipment	7 - 50

#### (g) 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.

#### (h) Deferred taxation

Deferred tax is recognised in respect of all timing differences which 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.

#### (i) 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. The Association also contributes to a group personal pension scheme and to certain employees' personal pension schemes. Such contributions are recognised in the income and expenditure account when they fall due.

#### (j) Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

### 2. INCOME

	2015 £	2014 £
Income is derived from the following sources:		
Subscriptions and donations	4,409,476	4,041,808
Sales of goods and services	5,985,951	5,565,662
Events and coaching	1,245,098	1,177,292
Sports Council grants receivable	2,567,190	2,631,969
Other grants	123,089	122,276
World Class Programme grants and fees	6,342,849	5,802,319
	<u>20,673,653</u>	<u>19,341,326</u>
Income is derived from the following geographical locations:	£	£
United Kingdom	18,593,605	17,509,835
European Union	1,374,038	1,217,883
Rest of the World	706,010	613,608
	<u>20,673,653</u>	<u>19,341,326</u>



# ROYAL YACHTING ASSOCIATION

## NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2015

### 3. DIRECT EXPENDITURE

	£	£
Membership promotion and services	1,087,662	1,174,316
Cost of goods and services sold	2,888,949	2,719,143
Events and coaching	1,699,617	1,649,472
Sports Council grants disbursed	2,567,190	2,631,969
Other grants	3,000	14,500
World Class Programmes	6,342,849	5,802,319
	<u>14,589,267</u>	<u>13,991,719</u>

### 4. EXCEPTIONAL ADMINISTRATIVE EXPENDITURE

	£
Compensation paid	5,500,000
Reimbursed by insurer	(5,000,000)
	<u>500,000</u>
Net compensation	500,000
Related legal costs incurred	261,664
Claimants' legal costs	3,300,000
	<u>4,061,664</u>

The above amounts relate to a claim in respect of a powerboat racing accident in 2005. The claimant's lawyers have submitted a claim for legal costs of £3.3m which the Association is disputing and the Directors believe that such claim can be settled for less than the amount claimed. The Association is also in dispute with its insurance company regarding the liability for legal costs relating to the compensation claim and the directors believe that these costs may be recoverable in the future. However, no asset has been recognised in respect of such potential recovery.

### 5. ADMINISTRATIVE EXPENDITURE

	£	£
Establishment expenses	155,331	78,908
Staff costs (Note 6, 7 & 8)	3,723,515	3,712,686
Finance costs	75,126	76,777
Administrative overheads	977,351	1,150,062
Exceptional Item (Note 4)	4,061,664	-
	<u>8,992,987</u>	<u>5,018,433</u>

# ROYAL YACHTING ASSOCIATION

## NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2015

6. STAFF COSTS	2015 £	2014 £
Salaries	4,554,364	4,540,997
Social Security Costs	453,496	459,626
Pension and Life Assurance Costs	699,218	640,431
	<u>5,707,078</u>	<u>5,641,054</u>
Less staff costs included in Direct Expenditure	(1,983,563)	(1,928,368)
	<u>3,723,515</u>	<u>3,712,686</u>
The average monthly number of employees during the year was:	Number	Number
Senior Management	25	25
Executive Officers and Coaches	55	56
Administration and Support	86	79
	<u>166</u>	<u>160</u>

Remuneration paid to the two executive directors during the year amounted to £173,056 (2014: two executive directors; £170,223). The number of directors to whom retirement benefits are accruing under defined contribution pension schemes was 2 (2014: 2). The total contribution in respect of these directors was £67,250 (2014: £55,589). The remuneration of the highest paid director was £100,306 (2014: £100,000) and pension contributions in respect of this director were £57,500 (2014: £47,848). No remuneration was paid to the seven non-executive directors.

## 7 FINAL SALARY PENSION SCHEME COMMITMENTS

The Association has a non-contributory pension scheme for certain staff who joined before 31st March 2001 which 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. Future service funding rates (currently 29.6% of pensionable salary) are determined by the scheme actuary as part of the triennial valuation. From April 2015 this rate will rise to 34.5%

The most recent triennial valuation available was at 1st April 2014. The value of the assets represented 94% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This was equivalent to a deficit of £463,000. For 6 years from April 2015 onwards the RYA will make additional annual contributions of £75,000 per annum. 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 which have the most effect include mortality rates. The contributions for the year were £54,000 (2014: £71,000). The next triennial review is due as at 1st April 2017.

The most recent FRS 17 valuation as at 31st March 2015 showed that the market value of the scheme's assets was £7,142,000 (2014: £6,956,000).

# ROYAL YACHTING ASSOCIATION

## NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2015

### 8. OTHER PENSIONS

The Association contributes to individual pension plans for certain staff 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 ("GPPP"). Since 1<sup>st</sup> April 2014 all eligible workers have been enrolled into the Associations GPPP under automatic enrolment legislation (the existing GPPP satisfies the conditions of a qualifying scheme). The Associations 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 £558,791 (2014: £461,497).

### 9. OPERATING (DEFICIT)/SURPLUS

	2015 £	2014 £
The (deficit)/surplus on ordinary activities is stated after charging/(crediting):		
Depreciation	367,186	476,042
Gain on revaluation of tangible fixed assets	-	(87,781)
Operating lease rentals		
- land and buildings	63,910	63,910
- other	58,768	57,998
Auditor's remuneration		
- audit fees	27,650	27,625
- non-audit fees	4,500	8,150

### 10. RETURN ON INVESTMENTS

	£	£
Dividends and interest		
- On quoted investments	494	5,548
- On deposits	10,685	7,927
	<u>11,179</u>	<u>13,475</u>
Net return from other finance income relating to the defined benefit pension scheme (Note 23 (e))	91,000	59,000
	<u>102,179</u>	<u>72,475</u>

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2015

11.	TAXATION	2015 £	2014 £		
	UK Corporation tax	81,984	32,605		
	Corporation tax under/(over) provision in prior years	139	(1,666)		
		<u>82,123</u>	<u>30,939</u>		
	Deferred taxation (Note 19)	8,466	5,523		
		<u>90,589</u>	<u>36,462</u>		
	<b>Tax charge reconciliation</b>				
	Deficit on ordinary activities before tax	(2,759,625)	(124,402)		
	Deficit on ordinary activities multiplied by the standard rate of UK corporation tax of 21% (2014: 20%)	(579,521)	(24,880)		
	Effects of:				
	Amounts not taxable	680,592	74,606		
	Capital allowances in excess of depreciation	(16,346)	(16,011)		
	Amount relating to prior year	139	(1,666)		
	Exempt dividend	-	(1,110)		
	Marginal relief	(2,741)	-		
	Current tax charge	<u>82,123</u>	<u>30,939</u>		
12.	<b>TANGIBLE FIXED ASSETS</b>				
		<b>Long leasehold premises £</b>	<b>Specialised property £</b>	<b>Fixtures, fittings, vehicles &amp; equipment £</b>	<b>Total £</b>
	<b>COST/VALUATION</b>				
	At 1st April 2014	3,245,000	3,500,000	3,377,376	10,122,376
	Additions	-	-	64,746	64,746
	Disposals	-	-	(58,702)	(58,702)
	At 31st March 2015	<u>3,245,000</u>	<u>3,500,000</u>	<u>3,383,420</u>	<u>10,128,420</u>
	<b>DEPRECIATION</b>				
	At 1st April 2014	-	-	2,698,524	2,698,524
	Charge for year	71,396	77,778	218,012	367,186
	On disposals	-	-	(54,728)	(54,728)
	At 31st March 2015	<u>71,396</u>	<u>77,778</u>	<u>2,861,808</u>	<u>3,010,982</u>
	<b>NET BOOK VALUE</b>				
	At 31st March 2015	<u>3,173,604</u>	<u>3,422,222</u>	<u>521,612</u>	<u>7,117,438</u>
	At 31st March 2014	<u>3,245,000</u>	<u>3,500,000</u>	<u>678,852</u>	<u>7,423,852</u>

**ROYAL YACHTING ASSOCIATION**

**NOTES TO THE ACCOUNTS (continued)**

**YEAR ENDED 31ST MARCH 2015**

**12. TANGIBLE FIXED ASSETS (continued)**

The two long leasehold properties at Hamble were valued at £3,245,000 at open market value and the specialised property at Portland was valued at £3,500,000 on a depreciated replacement cost basis by Hughes Ellard, Chartered Surveyors as at 31 March 2014.

If all of the properties were stated on an historical basis, the amounts would be as follows:

	2015 £	2014 £
Cost	8,645,885	8,645,885
Accumulated depreciation	(1,417,228)	(1,244,310)
	<u>7,228,657</u>	<u>7,401,575</u>

**13. INVESTMENTS**

	£
<b>COST</b>	
At 31st March 2014	67,517
Disposals	(67,517)
	<u>-</u>
At 31st March 2015	<u>-</u>

All investments held during the year were disposed of in the year. Those held in during the current and previous year were listed and dealt with on a recognised stock exchange. The market value of the investments at 31st March 2014 was £82,487.

**14. STOCK**

	2015 £	2014 £
Finished products	337,423	407,382
Work in progress (Note 1 (e))	29,973	65,159
	<u>367,396</u>	<u>472,541</u>

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

**15. DEBTORS**

	£	£
Trade debtors	513,198	702,148
Other debtors	364,023	530,143
Prepayments	519,562	620,704
	<u>1,396,783</u>	<u>1,852,995</u>

**ROYAL YACHTING ASSOCIATION**

**NOTES TO THE ACCOUNTS (continued)**

**YEAR ENDED 31ST MARCH 2015**

<b>16. CREDITORS: amounts falling due within one year</b>		<b>2015 £</b>	<b>2014 £</b>
	<b>Note</b>		
Trade creditors		540,473	744,575
Corporation tax		81,984	32,605
Other creditors		42,092	35,479
Accruals		234,063	278,413
Subscriptions in advance		1,888,272	1,793,202
Deferred grants	18	120,028	255,633
Other deferred income		121,249	142,730
		<u>3,028,161</u>	<u>3,282,638</u>

<b>17. CREDITORS: amounts falling due after more than one year</b>		<b>£</b>	<b>£</b>
Deferred grants	18	210,609	236,937
		<u>210,609</u>	<u>236,937</u>

The fit out of the elite Performance Unit in Portland Marina was funded by a capital grant from Sport England, which is disclosed in Note 16. 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.

<b>18. DEFERRED GRANTS</b>	<b>Capital £</b>	<b>Revenue £</b>	<b>Total £</b>
Balance at 1st April 2014	263,265	229,305	492,570
Grants received	-	2,457,035	2,457,035
Grants released	(26,328)	(2,592,640)	(2,618,968)
Balance at 31st March 2015	<u>236,937</u>	<u>93,700</u>	<u>330,637</u>

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

**ROYAL YACHTING ASSOCIATION**

**NOTES TO THE ACCOUNTS (continued)**

**YEAR ENDED 31ST MARCH 2015**

**19. PROVISIONS FOR LIABILITIES**

	Deferred taxation £	Legal costs £	Total £
Balance at 1st April 2014	81,517	-	81,517
Charged to income and expenditure account	8,466	2,337,878	2,346,344
	<u>89,983</u>	<u>2,337,878</u>	<u>2,427,861</u>
Balance at 31st March 2015	<u>89,983</u>	<u>2,337,878</u>	<u>2,427,861</u>

Deferred taxation relates to accelerated capital allowance.

The provision for legal costs relates to the claim described in Note 4 to the accounts. The information usually required by FRS 12 "Provisions, contingent liabilities and contingent assets" is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the dispute regarding the legal costs.

**20. STATEMENT OF MOVEMENTS IN MEMBERS' FUNDS**

	2015 £	2014 £
Deficit for the year	(2,850,214)	(160,864)
Other gains and losses (Note 23 (e))	(1,131,000)	397,000
	<u>(3,981,214)</u>	<u>236,136</u>
Net (decrease)/increase in members' funds	(3,981,214)	236,136
Opening members' funds	7,434,770	7,198,634
Closing members' funds	<u>3,453,556</u>	<u>7,434,770</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 2015 was 104,418 (2014: 102,144).

**ROYAL YACHTING ASSOCIATION**

**NOTES TO THE ACCOUNTS (continued)**

**YEAR ENDED 31ST MARCH 2015**

**22. NOTES TO THE CASH FLOW STATEMENT**

	<b>2015 £</b>	<b>2014 £</b>
<b>(a) RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS</b>		
Increase in cash in the year	69,613	425,261
Cash outflow from debt financing	-	217,518
	<u>69,613</u>	<u>642,779</u>
Movement in net funds	69,613	642,779
Opening net funds	1,234,957	592,178
	<u>1,304,570</u>	<u>1,234,957</u>
Closing net funds	<u>1,304,570</u>	<u>1,234,957</u>

**(b) ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1st April 2014 £</b>	<b>Cash flow £</b>	<b>At 31st March 2015 £</b>
Cash at bank	1,234,957	69,613	1,304,570
Total	<u>1,234,957</u>	<u>69,613</u>	<u>1,304,570</u>

**23. FINAL SALARY PENSION SCHEME COMMITMENTS**

The Association complies with Financial Reporting Standard (FRS) 17. The valuation set out below has been based on the triennial valuation at 1st April 2014, as updated by a qualified actuary, in order to assess the assets/(liabilities) of the scheme on the FRS 17 basis at 31st March 2015.

**(a) Assumptions**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Rate of increase in salaries	2.20%	2.50%	3.45%
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%)	2.20%	2.50%	2.35%
Rate of increase of pensions in payment for service after 1st April 2006 (LPI maximum 2.5%)	1.90%	2.10%	2.15%
Discount rate	3.40%	4.30%	4.10%
Consumer price inflation (CPI)	2.20%	2.50%	2.45%
Rate of revaluation for pensions in deferment	2.20%	2.50%	2.45%



## 23. FINAL SALARY PENSION SCHEME COMMITMENTS (continued)

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 plus 0.3% to match the projected duration of the pension scheme liabilities. A reduction in the assumed rate of 0.25% would increase the scheme liabilities 5%.

The inflation rate is a best estimate assumption of future RPI over the long term. The assumption has been guided by the yields of medium term conventional and index-linked gilts, and by consideration of the Bank of England's published implied inflation curve. 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 used at 31<sup>st</sup> March 2015 is based on the standard table S1PA, using 100% of the base table with the CMI\_2014 mortality projections with a long term rate of improvement of 1%. Assuming retirement at age 65, the life expectancies based on the mortality assumptions are illustrated as follows:

	31st March 2015	31st March 2014
For a male aged 65 now	22.2	22.1
At 65 for a male aged 45 now	23.6	23.5
For a female aged 65 now	24.4	24.3
At 65 for a female aged 45 now	25.9	25.8

### (b) Scheme assets and net pension liability:

	Proportion at 31 March 2015	At 31 March 2015 £'000	Proportion at 31 March 2014	At 31 March 2014 £'000
Equities	37%	2,675	65%	4,516
Bonds *	27%	1,908	28%	1,958
Property	3%	234	3%	203
Cash and other assets	33%	2,325	4%	279
Total market value of assets		7,142		6,956
Defined benefit obligation		(8,208)		(6,972)
Net pension liability		(1,066)		(16)

During the year the Trustees agreed a new Statement of Investment Principles and appointed Old Mutual Wealth Assurance Ltd to act as Platform Provider of the scheme. A number of investment managers have been chosen to manage the assets of the scheme via a single policy with the Platform Provider.

All of the equities and bonds held at March 31<sup>st</sup> 2015 formed part of a portfolio managed by Ashcourt rowan Asset Management Ltd. The cash balance included £2.2m realised by the trustees from its disinvestment in the Rathbones UK Managed Pension Fund during the year. Post balance sheet disposal of all equities, bonds and property assets enabled the trustees to invest £7.1m through Old Mutual by the end of May 2015.

**23. FINAL SALARY PENSION SCHEME COMMITMENTS (continued)**

<b>(c) Analysis of the change in fair value of scheme assets:</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Opening fair value of scheme assets	6,956	6,812
Expected return on the assets	386	357
Actuarial (losses)/gains	(43)	23
Contributions received	54	71
Benefits paid	(211)	(307)
	<u>7,142</u>	<u>6,956</u>
Closing fair value of scheme assets	<u>7,142</u>	<u>6,956</u>
Expected contributions to the scheme in the year to 31 March 2016 are £140,000.		
<b>(d) Analysis of the change in the defined benefit obligation:</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Opening defined benefit obligation	6,972	7,265
Current service cost	64	90
Interest on obligation	295	298
Actuarial losses/(gains)	1,088	(374)
Benefits paid	(211)	(307)
	<u>8,208</u>	<u>6,972</u>
Closing defined benefit obligation	<u>8,208</u>	<u>6,972</u>
<b>(e) Amounts charged to operating surplus</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Current service cost	<u>64</u>	<u>90</u>
<b>Amounts credited to return on investments</b>		
Expected return on assets	386	357
Interest on liabilities	(295)	(298)
	<u>91</u>	<u>59</u>
Net financial return	<u>91</u>	<u>59</u>
<b>Amounts recognised in the Statement of Total Recognised Gains and Losses</b>		
Actual return less expected return on assets	(43)	23
Experience gains/(losses) on the liabilities	(37)	124
Change in assumptions	(1,051)	250
	<u>(1,131)</u>	<u>397</u>
Actuarial (loss)/gain	<u>(1,131)</u>	<u>397</u>

**ROYAL YACHTING ASSOCIATION**

**NOTES TO THE ACCOUNTS (continued)**

**YEAR ENDED 31ST MARCH 2015**

**23. FINAL SALARY PENSION SCHEME COMMITMENTS (continued)**

**(f) Five year history**

The five year history is as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	7,142	6,956	6,812	6,104	5,920
Defined benefit obligation	(8,208)	(6,972)	(7,265)	(6,398)	(5,524)
(Deficit)/surplus in the scheme	<u>(1,066)</u>	<u>(16)</u>	<u>(453)</u>	<u>(294)</u>	<u>396</u>
Experience (losses)/gains on scheme assets	(43)	23	444	(73)	51
- percentage of scheme assets	1%	0%	7%	1%	1%
Experience (losses)/gains on liabilities	(37)	124	(46)	(54)	(63)
- percentage of scheme liabilities	0%	2%	1%	1%	1%

**(g) General disclosures**

The trustees are appointed by the Association. The current incumbents are: the former Head of Finance (pensioner member-nominated), the former Sports Development Manager (member-nominated) and a member of RYA Council (RYA-nominated). The Directors recognise the Association's obligation to meet the liabilities of the scheme.

**24. OPERATING LEASE COMMITMENTS**

At the balance sheet date the Association had the following annual commitments in respect of non-cancellable operating leases:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating leases which expire:				
Within one year	-	-	37,232	23,631
Between two and five years	35,350	35,350	21,860	34,366
After more than five years	28,560	28,560	-	-
	<u>63,910</u>	<u>63,910</u>	<u>59,092</u>	<u>57,997</u>

**25. RYA Foundation**

As stated in Note 1(b) the RYA is the sole member of the RYA Foundation, a charitable company limited by guarantee.

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Net Income for the year ended March 31 <sup>st</sup>	<u>6,050</u>	<u>25,405</u>
Total Funds carried forward as at March 31 <sup>st</sup>	<u>95,212</u>	<u>89,162</u>