

ROYAL YACHTING ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

Registered number: 00878357



ROYAL YACHTING ASSOCIATION

CHAIRMAN'S STATEMENT

YEAR ENDED 31ST MARCH 2008

This is my first report to you as Chairman of the Association, having taken over from Eddie Ramsden, MBE at the AGM last November. I would like to pay tribute to Eddie for his firm guidance of the RYA during his term as Chairman and, indeed, for the great contribution he has made to the Association over very many years. I am glad to say that he has not severed his connections with us and he continues to play a significant role in a major project which I will explain about below.

Having served as Deputy Chairman for the past three years, and as Hon. Treasurer for five years before that, I believe that I have a good insight into the work and the ethos of the RYA. Its size has doubled during this time and, I believe, so has its reputation and standing as a National Governing Body. I believe that all of you, as members of the Association, can take equal pride in this; and especially in your support for our work expressed through your membership commitment. I take great pride from my appointment as Chairman and I intend to play a full part in leading the RYA into the future.

There are two significant matters that I should highlight to you: the amended Memorandum and Articles of Association and the Portland project.

The Companies Act 2006 has introduced many changes which require to be mirrored in companies' formal arrangements, such as the right of members to appoint a proxy to attend general meetings on their behalf. The new Act also permits some useful innovations such as the possibility of holding board meetings by video-conferencing and permitting the publication of summary financial statements. The RYA Council, as the Association's board of directors, has approved the preparation of a revised Memorandum and Articles of Association so as to give effect to these changes. The resulting text, which also contains editorial amendments to improve readability and update terminology, replaces the version first approved in 1989. The new Memorandum and Articles will be submitted to the AGM in November 2008 for approval by the members.

In his report to you last year the Hon. Treasurer mentioned a project to find accommodation and other facilities in Portland before the 2012 Olympic Games. The project team was charged to find a base for Team GBR in the run up to the Games; and to do so by making an investment in bricks and mortar which can be used by the Association and its affiliated organisations into the long term. I can now report that the project team has made its recommendations to Council. As a result, Council has authorised the expenditure of £4.6m on obtaining a long leasehold property which is planned to be built as part of the Castle Court development within the Osprey Quay regeneration area at Portland. This building will offer 24 twin bedrooms, together with catering facilities, meeting rooms and offices, immediately adjacent to the Weymouth and Portland National Sailing Academy (the site of the sailing events at the 2012 Games). Council is persuaded that the focus on Portland as a world class venue will last well after the 2012 Games and the opportunity to invest in the area will pay continuing dividends in terms of supporting all levels of competitive sailing in the future. The building will also be available for other RYA users, and the wide variety of our affiliated organisations. Final negotiations with the developer have still to be completed. However, I believe that this is an exciting development which will benefit the RYA into the future.

The Beijing Olympics will dominate the news media this year. However, the RYA is engaged in many other worthwhile and interesting activities. I hope that you will enjoy reading about them in the Chief Executive's report. I commend it to you.

R E D Langford
RYA Chairman

ROYAL YACHTING ASSOCIATION

TREASURER'S REPORT

YEAR ENDED 31ST MARCH 2008

The year ended 31st March 2008 saw further organic growth in the Association's turnover – from £16.1m last year to £17.7m this year – an increase of 9.9%. The surplus on ordinary activities before taxation was £562k, compared to £1.073m in the prior year (although that year saw an exceptional profit from investment sales and a very high FRS 17 adjustment for the pension scheme in this year). The provision for corporation tax is £57k, leaving a retained surplus for the year of £505k (2007: £934k). The net assets of the Association (including the pension scheme) increased from £4.863m to £5.357m.

The growth in income was led by sales of goods and services (up 5.5%) and the majority of this came from sales of RYA publications. Publishing continues to be a real success story for the Association over the past four years. Grants from the UK and English Sports Councils have again moved upwards. This reflected investment in the preparations for the Olympic, both in China this year and in Portland in 2012; and in our OnBoard programme to increase youth participation.

The number of personal members remains stalled at 102,302 (2007: 102,490). This is the third year in succession that there has been no real movement in the total figure. It is frustrating that we are still successful in gaining some 15,000 new members each year – but an equivalent number lapse from membership (despite various initiatives to tackle this attrition).

A new development in activity over the past two years has been a return to holding major international level sailing events in the UK after a gap of more than 12 years. In 2006 the RYA organised the ISAF Youth Worlds and a new Sail for Gold Olympic classes regatta at Portland. In 2007 we supported the Cadet Class Association in hosting the Cadet Worlds and our own Sail for Gold regatta (which is planned for each year until the 2012 Games). These events are financially supported by the UK Sports Council, which has an objective of bringing international events to the UK, and help the Association to raise its profile. The RYA budgets to make a small contribution to the cost of each event.

Staff costs continue to be the largest single expenditure in the Association's budget. The cost was up 23% against the prior year, reflecting a further increase in head count. The great majority of the increased posts are linked to grant-funded programmes, or to servicing the commercial sponsorships. Nevertheless, there comes a point at which increasing headcount triggers the need for increased numbers in overhead areas such as human resources and accounts in order to service them adequately. I believe that the Association is nearing this point and that management must take an increasingly hard look at all requests for new staff posts.

Direct expenditure increased 13.7% to £10.8m and administration expenditure increased 10.7% to £6.9m. These increases undermined the uplift in operating income and led to a failure, in the case of most departments, to control costs within internal budget limits. This is an area which must be, and will be, tackled for the future.

The pension scheme again had a surplus for the year on the FRS 17 basis. This surplus (£950,000) is included in the balance sheet and sets the scene for the in-depth, triennial review of the scheme and its funding position which will take place in 2008.

The cashflow position for the Association at the year end was not as favourable as in recent years. As well as expenditure budget over-runs, there was an increased uptake of working capital in areas such as higher stock levels and debtor balances. This is another area which management needs to return under firmer control.

Sustaining membership numbers, particularly of personal members, is a constant challenge and the staff continue to work through the recommendations of the 2006 Accenture study into why members lapse. The key recommendation was that the website and e-communications should feature much more strongly in our contacts with members. Those members who include cruising amongst their boating interests will know that we have recently introduced a monthly cruising e-newsletter, and there are plans to extend this to other interest groups. A major upgrade of the website's facilities will be in place by the time this report is published. This will greatly enhance our ability to target goods and services to those who use the webshop.

Working with and supporting our affiliated clubs and class associations is no less important for the Association. An internal working party is currently looking at the model for charging affiliation fees with a view to bringing in greater simplicity and clarity; and it is expected that Council will receive their report later this year.

ROYAL YACHTING ASSOCIATION

TREASURER'S REPORT (continued)

YEAR ENDED 31ST MARCH 2008

In my report last year I flagged-up the possibility of obtaining an accommodation facility in Portland. As the Chairman has noted in his report, Council has authorised the necessary expenditure and, by the time you receive this document, construction work should have started. I regard this investment as a positive step for the Association. However, there is no doubt that the amount involved is very significant in terms of the RYA's balance sheet reserves and this magnifies the need for very careful management of our finances in the medium term.

In conclusion, the 2007-08 year has disappointed in terms of the financial outcome. The organisation must make every effort next year to achieve the budgeted surpluses that are required to fuel growth and satisfy the demands of our members. I am confident that this will be done.

Michael J. Wigley, FCA
Honorary Treasurer

ROYAL YACHTING ASSOCIATION

CHIEF EXECUTIVE'S REPORT

YEAR ENDED 31ST MARCH 2008

The RYA remit to promote safe and successful UK sailing continues to reap dividends, not only for our members, but boating as a whole.

The work of the RYA encompasses so many varied aspects of boating that it is sometimes difficult to grasp that all our departments are working in different ways to achieve the same basic aims of promoting safety afloat, increasing participation and raising standards.

Nothing ever stands still in the world of boating and this year has been no exception, with many significant developments within the RYA which promise to broaden our scope and consolidate our position as the leading authority on boating within the UK and also across the world.

Training is a key part of the RYA's ethos and the schemes are constantly evolving. A great deal of time is devoted to improving and refining the syllabus. One result this year has been the introduction of a new Personal Watercraft course for superyacht guests.

There has also been a revision of Senior Instructor courses, with a closer link being established between dinghy and windsurfing Senior Instructor qualification. This year has also seen the introduction of a range of seminars, courses and conferences on judging and umpiring races. In addition to this, a new basic racing rules and disputes resolution course has been developed.

Good coaching is vital to the success of any training scheme and the appointment of John Thorn as National Sailing Coach has proven to be a successful and popular choice.

2007 has seen another 250 coaches enter the fold and the keelboat coaching scheme has been improved with the introduction of coaches for specific areas of the country.

Getting down to the real grassroots of training, and racing for that matter, the OnBoard scheme has been boosted by a new partnership with the British Americas Cup challenger Team Origin to encourage more people to become regular sailors.

OnBoard development officers are now involved with 90 sailing clubs and centres and have provided almost 100,000 sailing sessions for youngsters who are new to the sport.

Team 15, the windsurfing development programme, continues to expand and there are now over 1,000 young windsurfers competing at T15 club events. In addition to this, two windsurfers who started out in T15 progressed on to become 2007 world champions in their respective age categories.

There have also been big advances in the Sailability programme, with the launch of the Making Disability Plain Sailing programme. The aim of the programme is to achieve closer links between Sailability centres.

Another notable advance in our training schemes has been the signing of an agreement between the RYA and Yachting Australia (YA) to issue joint certificates for the Yachtmaster scheme. The work of the RYA's Penny Haire has been invaluable in securing this agreement.

Continuing on the worldwide spectrum, the RYA's Cruising and Legal Departments continue to monitor and respond to any European, national or local legislative proposals that might create unnecessary regulation or costs for boat owners. On the international front, the RYA has worked with the International Sailing Federation (ISAF) and the UK delegation to the International Maritime Organisation (IMO) following proposals by the Italian Government to amend the International Regulations for the Prevention of Collisions at Sea.

Staying at European level, the RYA remains closely involved with the European Boating Association (EBA). One of the notable successes this year has been the EBA's impact with the UN Economic Commission for Europe Inland Waterways Committee.

Proposals are underway to remove the nationality caveats for holders of the International Certificate of Competence. This would significantly simplify the use of this certificate.

ROYAL YACHTING ASSOCIATION

CHIEF EXECUTIVE'S REPORT (continued)

YEAR ENDED 31ST MARCH 2008

Closer to home, the RYA continues to work hard to protect boaters rights of navigation, particularly with regard to the rapid growth in proposals for wind, wave and tidal energy schemes. In addition to this, the work of the Green Blue project remains key to efforts to promote environmental best practice amongst boaters.

We are also closely monitoring the publication of the Marine Bill, a piece of legislation which may have significant implications for boaters. The RYA has been working closely with DEFRA officials to ensure that the interests of boaters are taken into account.

The Cruising Department has also overseen some significant improvements to weather forecasting. Following the successful trialling of Weather Actuals on NAVTEX 490khz, the scheme has now been rolled out across the whole of the UK.

The RYA has also met with Home Office e-Borders team, who are implementing a new border control scheme. The implications of the scheme on boaters are being closely monitored.

2008 being an Olympic year, the spotlight is firmly on the RYA and their role within Skandia Team GBR. We enter the fray with a tally of nine medals at the World and European championships and six medals at the Qingdao pre-Olympic event.

This success has been mirrored in the keelboat, match and team racing programmes, with 47 multi disciplined sailors currently in the Volvo RYA Keelboat Programme, competing in a variety of events across the world.

Most notably, match racer Ian Williams won the world match racing championship, and spent much of the year at the top of the ISAF rankings.

Key to this sustained success is the youth development programme and this year has seen a return of 28 medals for our youngsters at youth and junior level.

Over 550 young sailors are involved in the Zone/Home country squads and a further 165 in the National Junior squads. These squads are constantly being fed by the 144 Volvo RYA Champion Clubs.

Successes like this come from a strong club racing series and the RYA is constantly looking at ways in which this vital part of the racing programme can be stimulated and more novices can be encouraged into the sport.

Whether you are powerboating, yachting or dinghy sailing, clubs remain an RYA priority and Gurnard Sailing Club on the Isle of Wight received the inaugural RYA 'club of the year' award. The new award identified clubs which were forward looking and vibrant, underlining the RYA's unstinting support for establishments which represent the very lifeblood of the sport.

The RYA community awards also continue to flourish, with 53 awards presented by HRH Princess Anne, president of the RYA. The awards acknowledge the importance of volunteers and recognise the time and effort that individuals have put in to make it possible for others to enjoy boating and sailing. In addition to this, one national and five regional awards were presented to proud recipients at the AGM.

Safety afloat is also a priority to the RYA and accident prevention is a key part of this. The loss of the *Ouzo* last year, and subsequent enquiry, highlighted the deficiencies of radar reflectors. The cruising department has been working with the International Standards Organisation (ISO), in drafting the new ISO8729 standard for passive and active radar reflectors.

In addition to this, the RYA's Technical and Training departments have both been instrumental in drafting a new quick release system for trapeze harnesses; this is likely to become a full ISO by the end of the year. This was prompted after a fatality on a Laser 4000 highlighted the weaknesses many current designs.

Continuing on the technical theme, the RYA's Portsmouth Yardstick handicap scheme is poised to enter the digital age after a major re-think on how to gather the all important race results from clubs.

Collection of race result data via a website is currently being trialled by 20 clubs with a view to the service being available to all next year.

ROYAL YACHTING ASSOCIATION

CHIEF EXECUTIVE'S REPORT (continued)

YEAR ENDED 31ST MARCH 2008

Work on updating equipment control methods for National classes continues apace and with the first National Class Rules written and published to conform to the latest ISAF standard.

This will lead to these classes being able to introduce in house certification which should both reduce the cost of measurement and improve equipment consistency. It is hoped that all the national classes will have completed this process by next year.

A spin off from this has been a smoother move to in- house equipment control. In house certification is an ISAF programme whereby satisfactory equipment control is achieved and equipment certified by manufacturers.

The groundwork for this programme was undertaken jointly by the RYA and ISAF and the work is beginning to come to fruition, with a number of sailmakers awarded in house certification status during the year.

The success of RYA publications are a key part of the RYA's aim to be the primary source of boating information, and have enjoyed another strong year working within the newly established Business Development Department.

RYA publications are now available in nine different languages, while the worldwide publications list extends to Southern Hemisphere editions. This year saw the launch of several new titles which continue to promote RYA training and policies worldwide.

The Marketing Department has also been bolstered by the arrival of Manager Steve Gray, a keen sailor and former UK marketing director of DaimlerChrysler.

The website and magazine continue to evolve, and communication with members has been improved through the introduction of regular e- newsletters to members, keeping them abreast of the latest developments.

As ever, marketing staff have been busy ensuring that the RYA has a strong presence at boat shows and major events and oversaw another successful Dinghy Sailing Show.

Of course whether you sail a dinghy, motorcruise, windsurf or race a zapcat, the bottom line is getting out on the water and the RYA events and regattas are a huge part of the UK's boating calendar. This year was no exception.

There was a world first for the Sailability programme, who oversaw the first Multi- class regatta at Rutland Sailing Club. This event was unique in that it was the first time that all disability classes have sailed together.

Highlights of the racing calendar were the Skandia Sail for Gold Regatta, Pwllheli, and the Cadet worlds. Funding has also been confirmed for the Techno, RS:X and Mirror Worlds, subject to contracts with the classes, in 2009 while the Laser Radial Youth and Masters Worlds are in the pipeline for 2010.

Powerboat racing also enjoyed a busy year, with the RYA helping to organise a whole raft of events. Highlights included the finale of the Zapcat racing season, which saw over 40 teams head to Watergate Bay in Cornwall to fight out the title in relentless ten foot high surf.

There was personal success for Mark Williams who won the F4 World Championships and Sean Barnard who secured the OSY400 World Championships. Colin Jelf triumphed in the F2 World Championships and took the title for only the second year.

Junior powerboaters also continue to thrive and Ben Morse finished a very creditable third in the European JT250 Championships. This strong showing was mirrored by a significant rise in licence holders on previous years, with the RYA recording some 800 powerboat racing licence holders in 2007.

Slowing down to a rather more sedate pace, the RYA's Power and Sail Cruises and Masterclass Musters were all well attended, although regrettably the sail cruise was subsequently cancelled due to appalling weather.

The Honda Youth RIB competition also saw good numbers of both competitors and sponsors. On top of all this, the RYA deals with innumerable queries from boaters in all disciplines of the sport on a day-to-day basis.

ROYAL YACHTING ASSOCIATION

CHIEF EXECUTIVE'S REPORT (continued)

YEAR ENDED 31ST MARCH 2008

Be it Optimist parents keen to get the right sail number for their prodigy, working out whether you have paid VAT on your boat, right through to straightening out the intricacies of a protest on the race course, the RYA endeavours to provide a solution.

Throughout the year, all the RYA departments have been working together to maintain the high standards we have set for ourselves, and we feel the results speak for themselves.

Rod Carr, OBE
Chief Executive

ROYAL YACHTING ASSOCIATION

DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2008

DIRECTORS

The members of the Council act as directors of the company. The directors who held office during the year 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
 Chairman
D A J Blackburn KCVO CB
 Deputy Chairman
C J Atkins
 Chairman Racing Committee
F Barron
 Chairman Training Committee
R C Batt
 Chairman Technical Committee
S Clark
 Chairman Marketing Committee
D Darbyshire
 Chairman Cruising and Government
 Affairs Committee
O Franks
 Chairman Sport Development Committee
P Stacey
 Chairman Powerboat Racing Committee

ELECTED BY THE PERSONAL AND LIFE MEMBERS

P N Bew
D A J Blackburn KCVO CB
N G Bown
P E Burry
M K Burwood
P T Corner RD*
J Friend
H Inglestone
A Lockett
D C Reed
B Shaw
 The Hon Lord D B Weir

EX OFFICIO REGIONAL CHAIRMEN

S Adair	Northern Ireland
P S Bartlett	South West
C H Basten	Wales
P Crooks	Yorkshire & Humberside
J C Edwards	Eastern
R H E Holmes	Midlands
P F King	Southern
R Little	East Midlands
H Mackay	Scotland
A Rowe	South East
M Shefras	Thames Valley
D Wheldon	North East
D Williamson	North West

The following Officers retired from the Council at the Annual General Meeting on 22 November 2007

The following members retired from the Council at the Annual General Meeting on 22 November 2007

The following became members of the Council from the Annual General Meeting on 22 November 2007

President

HRH The Princess Royal KG KT GCVO
QSO

EX Officio

I Atkins
E Ramsden MBE
J Smithwick
R M Solomon

Ex Officio

R C Batt
D A J Blackburn KCVO CB
S Clark
P Stacey

Honorary Treasurer

M J Wigley FCA

Ex Officio Regional Chairman

H J S Henderson (29 March 2008)	Scotland
M Peacock (deceased)	North East
P M Rayner CBE (20 January 2008)	South East
H Reynolds Jones	North West

Ex Officio Regional Chairman

H Mackay (29 March 2008)	Scotland
A Rowe (20 January 2008)	South East
D Wheldon	North East
D Williamson	North West

HRH The Princess Royal and Mr Wigley being eligible and willing to stand were re-elected to their respective offices.

Elected by the Personal and Life Members

D C Beadsworth
D Darbyshire
M W Kemmis Betty
C Robinson

Elected by the Personal and Life Members

N G Brown
P E Burry
M K Burwood
H Ingleston

ROYAL YACHTING ASSOCIATION

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST MARCH 2008

PRINCIPAL RISKS AND UNCERTAINTIES

The Association is classed as a 'medium-sized' company and, as such, the directors strive to apply the principles and procedures of good corporate governance as set out in the various codes of practice. In the past year a formal risk register has been compiled and an Audit Committee, reporting to Council, has been established. Membership of the various RYA committees that oversee policy matters is restricted to those volunteers who have demonstrable experience and qualifications in the relevant areas. Council receives quarterly reports of achievement against the key performance indicators in the four-year Strategic Plan

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

- A failure to maintain and enhance membership numbers: leading to a loss of subscription income and a threat to the Association's position as a National Governing Body speaking for a wide representation of the boating public;
- A failure to manage 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 threat to the continued availability of grants and sponsorship funding: requiring cutbacks in the major programmes such as OnBoard;
- Any severe delay in obtaining the new accommodation and facilities building in Portland: leading to extra costs in obtaining facilities elsewhere in the Portland area and, possibly, impinging on the Association's other activities through absorption of staff time and other resources.

All of these risk factors are monitored through the medium of the Risk Register and the routine reports made to Council

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 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 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 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 1985. 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 Council, as the Board of directors, confirm that they have complied with the above responsibilities.

ROYAL YACHTING ASSOCIATION

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST MARCH 2008

AUDITORS

A resolution re-appointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

By order of the Board on 18 June 2008

D. L. Murray, FCMA
Company Secretary

A handwritten signature in black ink, appearing to be 'D. L. Murray', written over a circular stamp or seal.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL YACHTING ASSOCIATION

We have audited the financial statements of the Royal Yachting Association for the year ended 31st March 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

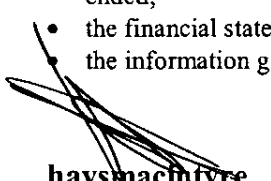
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2008 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



haysmacintyre
Chartered Accountants
Registered Auditors

Date: 18 June 2008

Fairfax House
15 Fulwood Place
London
WC1V 6AY

ROYAL YACHTING ASSOCIATION
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31ST MARCH 2008

	Note	2008 £	2007 £
TURNOVER	2	17,704,968	16,111,860
Direct expenditure	3	10,751,731	9,456,792
Net income		6,953,237	6,655,068
Administrative expenditure	4	6,682,854	6,038,502
OPERATING SURPLUS	6	270,383	616,566
Return on investments	7	230,235	384,656
Rental income		61,208	71,767
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		561,826	1,072,989
TAXATION	8	56,507	138,546
RETAINED SURPLUS FOR THE YEAR		505,319	934,443

All income and the operating surplus are derived from continuing activities.

The notes on pages 16 to 25 form part of the financial statements

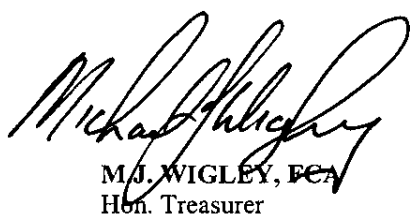
ROYAL YACHTING ASSOCIATION

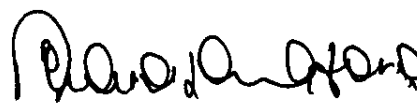
BALANCE SHEET

31ST MARCH 2008

	Note	2008 £	2007 £
TANGIBLE FIXED ASSETS	9	4,998,713	4,972,795
INVESTMENTS	10	501,547	1,093,980
		<u>5,500,260</u>	<u>6,066,775</u>
CURRENT ASSETS			
Stocks	11	709,536	549,299
Debtors	12	2,101,090	1,073,088
Cash at bank	18b	1,153,623	800,171
		<u>3,964,249</u>	<u>2,422,558</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(5,057,871)</u>	<u>(4,226,014)</u>
NET CURRENT LIABILITIES		<u>(1,093,622)</u>	<u>(1,803,456)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,406,638	4,263,319
PENSION ASSET	19c	950,000	600,000
NET ASSETS (INCLUDING PENSION)		<u>5,356,638</u>	<u>4,863,319</u>
FINANCED BY:			
ACCUMULATED FUND	15	4,703,341	4,210,022
REVALUATION RESERVE	15	653,297	653,297
MEMBERS' FUNDS	16	<u>5,356,638</u>	<u>4,863,319</u>

The financial statements were approved and authorised for issue by the RYA Council on 18 June 2008 and were signed below on its behalf by:


M.J. WIGLEY, FCA
Hon. Treasurer


R E D LANGFORD
Chairman

The notes on pages 16 to 25 form part of the financial statements

ROYAL YACHTING ASSOCIATION

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

31ST MARCH 2008

	Note	2008 £	2007 £
Surplus for the year after taxation		505,319	934,443
Unrealised surplus on revaluation of properties		-	-
Actuarial (loss)/gain	19d	(12,000)	216,000
Total gains and losses recognised since last annual report	16	<u><u>493,319</u></u>	<u><u>1,150,443</u></u>

The notes on pages 16 to 25 form part of the financial statements

ROYAL YACHTING ASSOCIATION

CASH FLOW STATEMENT

YEAR ENDED 31ST MARCH 2008

	Note	2008		2007	
		£	£	£	£
Operating surplus		270,383		616,566	
Depreciation		546,478		643,388	
Profit on sale of tangible fixed assets		(2,364)		(3,667)	
Pension contributions		(391,000)		(606,000)	
Current service cost		189,000		200,000	
Increase in stocks		(160,237)		(132,318)	
(Increase)/decrease in debtors		(1,028,002)		482,574	
Increase in creditors		911,859		944,770	
Net cash inflow from operating activities			336,117		2,145,313
Returns on investment and servicing of finance					
Interest received		53,843		53,441	
Dividends and other income received		75,111		87,960	
Net cash inflow from returns on investments and servicing of finance			128,954		141,401
Taxation					
Corporation tax paid			(136,507)		(165,546)
			328,564		2,121,168
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(586,977)		(377,978)	
Receipts from sales of tangible fixed assets		16,943		21,840	
Payments to acquire investments		(434,507)		(917,566)	
Receipts from sales of investments		1,029,429		473,618	
Decrease in cash on deposit with investment managers		-		8,173	
			24,888		(791,913)
Financing					
Repayment of loan		-		(600,000)	
			-		(600,000)
Increase in cash	18		353,452		729,255

The notes on pages 16 to 25 form part of the financial statements

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST MARCH 2008

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 represented by publications, videos and DVDs. Work in progress represents costs associated with publications not yet available for resale.

For finished goods cost is calculated on the weighted average method and for work in progress cost reflects costs incurred to date. Replacement cost is not significantly above carrying value.

d) Depreciation

Leasehold land and buildings are stated at valuation. 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
Office equipment and motor vehicles	25
Training and computer equipment, boat trailers	33
Website	50
Support boats	20
Boat engines	50

e) Investments

Investments are included at cost. Profits or losses generated on disposal of investments are recorded in the year in which the disposal is made. No adjustment is made for unrealised gains or losses.

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 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.

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 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.

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

2. TURNOVER

	2008 £	2007 £
Income is derived from the following sources:		
Subscriptions and donations:		
- Personal subscriptions	2,916,439	2,608,952
- Clubs and classes	375,800	382,961
- Donations	1,588	1,925
Teaching establishments' recognition fees	288,582	261,093
Sales of goods and services	4,440,594	4,467,083
Events, training and coaching	2,131,181	2,287,746
Sports Council grants	2,032,397	1,779,701
World Class Programme grants and fees	5,518,387	4,322,399
	<u>17,704,968</u>	<u>16,111,860</u>

Income is derived from the following geographical locations:

	£	£
United Kingdom	16,943,396	15,448,185
European Union	470,198	376,256
Rest of the World	291,374	287,419
	<u>17,704,968</u>	<u>16,111,860</u>

3. DIRECT EXPENDITURE

	£	£
Cost of goods and services sold	2,516,063	2,423,108
Events, training and coaching	2,577,963	2,667,250
Sports Council grants disbursed	139,318	44,035
World Class Programmes	5,518,387	4,322,399
	<u>10,751,731</u>	<u>9,456,792</u>

4. ADMINISTRATIVE EXPENDITURE

	£	£
Establishment expenses	365,634	331,205
Staff costs (Note 5)	3,890,840	3,314,010
Membership promotion and services	1,398,593	906,619
Finance costs	973,710	87,134
Other costs	54,077	1,399,534
	<u>6,682,854</u>	<u>6,038,502</u>

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

5. STAFF COSTS

	2008 £	2007 £
Total Salaries	3,773,789	3,387,033
Total Social security costs	383,842	316,626
Total Pension and life assurance costs	491,582	247,479
	<u>4,649,213</u>	<u>3,951,138</u>
Less staff costs included in Direct Expenditure	(758,373)	(637,128)
	<u>3,890,840</u>	<u>3,314,010</u>

The average number of employees during the year was:

	Number	Number
Senior Management	20	20
Executive Officers and Coaches	46	44
Administration and Support	74	70
	<u>140</u>	<u>134</u>

No remuneration is paid to the Officers of the Association or to the other members of the Council. A total of £23,131 (2007: £25,946) was paid to defray travel costs and expenses incurred by members of Council.

5(a). FINAL SALARY PENSION SCHEME COMMITMENTS

The Association has a non-contributory pension scheme for certain of its senior managers and coaches 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. The contributions (currently 34.3% 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 2005. The assumptions which 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 contributions for the year were £391,000 (2007: £606,000). The next triennial review is due as at 1st April 2008.

The most recent FRS 17 valuation showed that the market value of the scheme's assets was £5,330,000 (2007: £5,077,000). At the last triennial review, the value of the assets represented 78% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

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

5(b). 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 cost of premiums paid into these schemes was £260,099 (2007: £228,962).

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

6. OPERATING SURPLUS	2008 £	2007 £
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation		
- included in direct expenses	129,012	129,178
- included in general expenses and establishment expenses	417,466	514,210
Auditors' remuneration	23,500	20,750
Profit/(loss) on disposal of tangible fixed assets	(2,364)	(3,667)
	<u> </u>	<u> </u>
7. RETURN ON INVESTMENTS	£	£
Dividends and interest		
- On quoted investments	13,903	16,193
- On deposits	53,843	53,441
	<u> </u>	<u> </u>
	67,746	69,634
Net profit on sale of investments	2,489	243,022
Net return from other finance income (Note 20 (d))	160,000	72,000
	<u> </u>	<u> </u>
	230,235	384,656
	<u> </u>	<u> </u>
8. TAXATION	£	£
UK Corporation tax	58,000	138,000
Corporation tax (over)/under provision in prior years	(1,493)	546
	<u> </u>	<u> </u>
	56,507	138,546
	<u> </u>	<u> </u>
Tax charge reconciliation		
Surplus on ordinary activities before tax	561,826	1,072,989
	<u> </u>	<u> </u>
Surplus on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2007: 30%)	168,548	321,897
Effects of:		
Amounts not taxable	(75,916)	(202,786)
Small companies relief	(28,529)	(25,241)
Capital profit on sale of investments	756	60,458
Capital allowances	(6,859)	(17,821)
Other differences	-	1,493
Amount relating to prior year	(1,493)	546
	<u> </u>	<u> </u>
Current tax charge	56,507	138,546
	<u> </u>	<u> </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.

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

9. TANGIBLE FIXED ASSETS

	Long leasehold premises £	Fixtures, fittings, vehicles & equipment £	Total £
COST/VALUATION			
At 1st April 2007	4,555,000	3,281,988	7,836,988
Additions	29,878	557,099	586,977
Disposals	-	(78,678)	(78,678)
At 31st March 2008	4,584,878	3,760,409	8,345,287
DEPRECIATION			
At 1st April 2007	64,935	2,799,258	2,864,193
Charge for year	65,426	481,051	546,477
On disposals	-	(64,096)	(64,096)
At 31st March 2008	130,361	3,216,213	3,346,574
NET BOOK VALUE			
At 31st March 2008	4,454,517	544,196	4,998,713
At 31st March 2007	4,490,065	482,730	4,972,795

At 31st March 2006 the long leasehold properties were valued at £4,555,000 by Hughes Ellard, Chartered Surveyors. At the year end the directors sought professional advice with regard to the valuation of the land and buildings and no permanent diminution was deemed apparent.

If the revalued properties were stated on a historical cost basis, the amounts would be as follows:

	2008 £	2007 £
Cost	4,118,903	4,089,025
Accumulated depreciation	(307,300)	(241,398)
	3,811,603	3,847,627

9(a). CAPITAL COMMITMENT

On 21st May 2008 the directors authorised the purchase of a long leasehold property at Castle Court in Portland. The property is to be constructed under a design and build agreement with Sutton Harbour Property and Regeneration Ltd. The capital commitment is expected to be £4,600,000 and the expenditure will fall in the 2009-10 financial year.

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

10. INVESTMENTS	£
COST	
At 31st March 2007	1,093,980
Additions	434,507
Disposals	(1,026,940)
At 31st March 2008	<u>501,547</u>

All investments are listed and dealt with on a recognised stock exchange. The market value of investments at 31st March 2008 was £432,680 (2007: £1,094,858).

11. STOCK	2008 £	2007 £
Finished products	590,316	458,193
Work in progress (Note 1 (c))	119,220	91,106
	<u>709,536</u>	<u>549,299</u>

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

12. DEBTORS	£	£
Trade debtors	908,715	362,051
Boat loans to Olympic Squad	110,164	124,529
Other debtors	633,862	319,420
Prepayments	448,349	267,088
	<u>2,101,090</u>	<u>1,073,088</u>

Included in Boat loans to Olympic Squad are amounts due after more than one year of £31,805 (2007: £20,679).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Trade creditors	965,116	389,370
Corporation tax	58,000	138,000
Other taxes and social security payments	122,065	109,988
Other creditors	147,391	143,040
Accruals	406,752	133,238
Subscriptions in advance	1,511,705	1,449,334
Deferred grants (Note 14)	1,396,207	1,378,595
Other deferred income	450,635	484,449
	<u>5,057,871</u>	<u>4,226,014</u>

The Association entered into a bank loan in the sum of £1,200,000 in June 2005. £600,000 was repaid on 31st March 2006 and the remaining balance of £600,000 was repaid in full on 28th March 2007.

The purpose of this loan was to acquire the leasehold property called Compass House. Interest was paid at a rate equal to the sum of 1.25% plus the Bank's base rate per annum.

The loan was secured by a first legal charge over the leasehold land and building at Compass House, Ensign Way, Hamble.

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

14. DEFERRED GRANTS	£
Balance at 1st April 2007	1,378,595
Grants received	7,617,982
Grants released	(7,600,370)
Balance at 31st March 2008	1,396,207

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

15. RESERVES	Accumulated Fund £	Revaluation Reserve £	Total £
At 1st April 2007	4,210,022	653,297	4,863,319
Retained surplus for the year	505,319	-	505,319
Actuarial loss (Note 19 (d))	(12,000)	-	(12,000)
At 31st March 2008	4,703,341	653,297	5,356,638

	2008 £	2007 £
Accumulated Fund excluding pension asset	3,753,341	3,610,022
Pension reserve (Note 19 (b))	950,000	600,000
Accumulated Fund including pension asset	4,703,341	4,210,022

16. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS	2008 £	2007 £
Surplus for the year before appropriations	505,319	934,443
Other gains and losses (Note 19 (d))	(12,000)	216,000
Net addition to members' funds	493,319	1,150,443
Opening members' funds	4,863,319	3,712,876
Closing members' funds	5,356,638	4,863,319

17. 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 2008 was 102,302 (2007: 102,490).

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

18. NOTES TO THE CASH FLOW STATEMENT

	2008 £	2007 £
a) RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS		
Increase in cash in the year	353,452	729,255
Cash inflow from debt financing	-	600,000
	<hr/>	<hr/>
Movement in net funds/debt	353,452	1,329,255
Opening net funds/(debt)	800,171	(529,084)
	<hr/>	<hr/>
Closing net funds	<u>1,153,623</u>	<u>800,171</u>

b) ANALYSIS OF CHANGES IN NET FUNDS/DEBT

	At 1st April 2007 £	Cash flow £	At 31st March 2008 £
Cash at bank	800,171	353,452	1,153,623
Debt due within one year	-	-	-
Debt due after one year	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>800,171</u>	<u>353,452</u>	<u>1,153,623</u>

19. FINAL SALARY PENSION SCHEME COMMITMENTS

- a) The Association complies with Financial Reporting Standard (FRS) 17. The valuation set out below has also been based on the triennial valuation at 1st April 2005, as updated by a qualified actuary, in order to assess the assets/(liabilities) of the scheme on the FRS 17 basis at 31st March 2008.

The financial assumptions used to calculate the scheme liabilities under FRS 17 are:

	2008	2007	2005
Rate of increase in salaries	3.50%	4.50%	4.50%
Rate of increase of pensions in payment to active and other members	3.20%	3.10%	2.90%
Discount rate	6.40%	5.30%	5.00%
Inflation rate	3.20%	3.10%	2.90%
Rate of revaluation for pensions in deferment	3.20%	3.10%	2.90%

ROYAL YACHTING ASSOCIATION

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST MARCH 2008

19. FINAL SALARY PENSION SCHEME COMMITMENTS (CONTINUED)

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

	2008 %	2008 £'000	2007 %	2007 £'000	2006 %	2006 £'000
Equities	8.00%	3,513	8.3%	4,302	8.5%	2,485
Bonds	6.20%	1,244	5.0%	435	4.6%	1,180
Cash and other assets	5.25%	573	5.0%	340	4.6%	1,128
Total market value of assets		5,330		5,077		4,793
Present value of scheme liabilities		(4,380)		(4,477)		(4,887)
Net pension asset/(liability)		950		600		(94)

c) Movement in scheme during the year

	2008 £'000	2007 £'000
Asset/(deficit) at beginning of the year	600	(94)
Movement in year:		
Current service cost	(189)	(200)
Contributions	391	606
Net return from other finance	160	72
Actuarial (loss)/gain in the Statement of Total Recognised Gains and Losses	(12)	216
Asset at the end of the year	950	600

d) Components of the defined benefit cost

	2008 £'000	2007 £'000
Amounts charged to operating profit		
Current service cost	189	200
Amounts credited to return on investments		
Expected return on assets	397	316
Interest on liabilities	(237)	(244)
Net financial return	160	72
Amounts recognised in the Statement of Total Gains and Losses		
Actual return less expected return on assets	(477)	27
Experience losses on the liabilities	(389)	(51)
Change in assumptions	854	240
Actuarial (loss)/gain	(12)	216

ROYAL YACHTING ASSOCIATION**NOTES TO THE ACCOUNTS (continued)****YEAR ENDED 31ST MARCH 2008**

19. FINAL SALARY PENSION SCHEME COMMITMENTS (CONTINUED)**e) Five year history**

The following disclosures will be built up over time as a five year history:

	2008	2007	2006	2005
	£'000	£'000	£'000	£'000
Difference between the actual and expected return on assets	(477)	27	451	97
- percentage of scheme assets	9%	1%	9%	3%
Experience losses on liabilities	(389)	(51)	39	(41)
- percentage of scheme liabilities	9%	1%	1%	(1%)
Total amount recognised in the Statement of Total Recognised				
Gains and Losses	(12)	216	(329)	7
- percentage of scheme liabilities	0.3%	5%	7%	-