Report of the Audit Committee ("the Committee") to Council & AGM on Saturday 18th November 2023

Audited Annual Accounts

- In May 2023 the Committee recommended that the Board of World Sailing ("the Board") approve and sign the Audited Financial Statements (the consolidated accounts of World Sailing Limited, World Sailing (UK) Limited, World Sailing Trust and its quasi subsidiary World Sailing Investment Trust) for the year ended 31st December 2022.

- The Board duly approved and signed the Audited Financial Statements on 15th May 2023.

- The Committee recommends that the AGM re-appoint Haysmacintyre of Southampton House, 317 High Holborn, London, WC1V 7NL, United Kingdom as auditors to the Company to hold office until the conclusion of the next Annual General Meeting.

- The Committee recommends that the AGM authorise the Board to fix the remuneration of the auditors.

Ongoing business

- The Committee met on the 12th November 2023. The key matters discussed were as follows:
    - A project looking into World Sailing's approach to risk management is ongoing. The Board's Risk Appetite Statement was approved in September 2023 and proposed action plans were drawn up for risks identified that were outside the Board's Risk Appetite. The Organisation's Key Risk Profile has been established which is being monitored by the CEO and is to be reported to this Committee and the Board on a quarterly basis from January 2024.
    - World Sailing has signed a treasury management agreement with the Hottinger Group, an international wealth management company, to advise on the effective management of cash deposits and foreign exchange requirements. In October 2023 excess cash reserves of £2.1m were placed under management as per the agreement. This will be a significant relationship in the new quadrennial when the next Olympic receipts are received in Q3 2024.

Various standing agenda items were also discussed including:

- A review of the key contracts and terms for all new contracts entered by World Sailing since the mid-year meeting in May 2023.
- An update from the Head of Legal on the ongoing legal cases involving World Sailing.
- A review of the Management Accounts for the 10 months to 31st October 2023, the forecast to 31st December 2023 and the forecast including cash flow projections through to 31st December 2024.
- A review of the WS Investment Trust portfolio performance to 31st October 2023.

We note that the lowest forecasted cash balance in the current quadrennial is approximately £300k in August 2024. This forecast cash-flow assumes non-contracted new cash income in 2024 of £400K. If this new cash income is not realised in 2024 mitigating actions are available to management to remain cash positive through to the receipt of the IOC Paris2024 distribution later in 2024/25. The Committee notes that the forecast position is £200K better than forecast in May 2023 as presented at the mid-year meeting.

We note that for the current Quadrennial the forecast net profit is £1.9m compared to a budget of £2.5m. This shortfall is primarily due to a shortfall in sponsorship income and this shortfall is somewhat offset by savings in both direct and indirect costs. Employment costs are under budget because the current headcount is 25 compared to 36 in the budget.

At the mid-year meeting in May 2023 the Committee had recommended the recruitment of an IT manager to ensure the robustness of the IT infrastructure to minimise Cyber/ Technology risks and to commission a review of cyber penetration testing procedures adopted by the external website hosts and IT support agency. The Committee notes that this had not yet been done and recommends urgent action to implement the recommendations.

No other matters of particular significance arose from the Committee's meeting on 12th November 2023 to bring to the attention of Council.