Report of the Audit Committee ("the Committee") to the Council , Saturday 9 November 2024

Audited Annual Accounts

- In April 2024 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 it's quasi subsidiary World Sailing Investment Trust) for the year ended 31 December 2023.
- The Board duly approved and signed the Audited Financial Statements on 23 April 2024.
- The Committee also recommended the reappointment of Haysmacintyre as the Independent Auditor for all World Sailing group companies for the year ending 31 December 2024.

Ongoing business

The Committee met on Sunday 3 November 2024

The key matters discussed were as follows:

- We note and welcome the appointment of Stephen Smith as the IT Infrastructure & Digital manager with the specific remit to strengthen the IT infrastructure and to introduce formal policies and procedures regarding data access and storage. We also note the organisation's intention to become Cyber Essentials certified (through the government National Cyber Security centre) regarding information security compliance. Stephen is responsible to upgrade the company's IT infrastructure, and the company has also contracted a Data Consultant to advise on the upgrade to the company website and the functions therein.
- The Committee received an update on the ongoing treasury management service from Hottinger and banking service from Edmond De Rothschild. We consider this appointment to have been a success and we recommend the incoming Board to consider Hottinger's recent treasury management proposal regarding the Olympic distribution money from Paris2024. This proposal covers both foreign currency management based on the anticipated sterling and dollar cash flows over the next quadrennial and a low risk treasury management strategy for cash reserves.
- We also recommend the new Board consider engaging Hottinger to provide independent advice on the performance and investment strategy of the WS Investment Trust currently managed by Barclays and overseen by the Trustees, Baker Tilly.
- A project looking into WS's approach to risk management is ongoing. Progress has slowed due to the competing demands on the finance team's limited resources. We note the intention to re-invigorate this project on a more simplified basis and to align risk with the new Board's World Sailing 2025-2029 Strategy. We recommend that the new Board review the updated Risk Register once complete in the new year, and re-assess

the Board's risk appetite and residual risks assessed by management against the new World Sailing 2025-2029 Strategy.

- various standing agenda items were also discussed including:
  - A review of the key contracts and terms thereof for all new contracts entered by World Sailing since April 2024
  - An update from the Head of Legal on the ongoing legal cases and any potential new cases involving World Sailing
  - A review of the Management Accounts for the 8 months to 31st August 2024, forecasts including cash flow projections to 31st December 2024 and income and cost analysis for the 2021-2024 quadrennial.
  - A review of the budget proposal for the 12 months to 31 December 2025.
  - A review of World Sailing Interim high level forecast quadrennial 2025-2028.
  - A review of the WS Investment Trust portfolio performance to 31st August 2024

We note that the lowest cash balance in the current Quadrennial was £1.6m in August 2024. Anticipated Paris2024 income is $16.4m of which $7.2m was received in September 2024.

We note that for the current Quadrennial the re-forecast net profit is £3.5m compared to a budget of £1.9m and compares to the high level forecast for the 2025-2028 quadrennial net profit of £0.05m. We understand that the reduced forecasted profit reflects the increase in staffing levels and investment in technology.

No other matters of particular significance arose from the Committee's meeting on 3 November 2024 to bring to the attention of Council.

Phil Cotton

Independent Chair, Audit Committee.

9 November 2024.