

**The Light Aircraft Association
Annual Report 2013**



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1 Foreword

Our Association is run for the benefit of you the members and I believe that it is extremely important that the regular daily operation of the Association is reported in an open and transparent manner.

For the first time ever, I have collated an annual report to help to provide a clearer picture of the Association's activities. I hope that by providing this information in a report format it is more accessible to all members, rather than just those who are able to attend the Annual General Meeting.

Whilst putting this document together it has been quite apparent that reporting on matters that occurred over twelve months earlier is of limited value as events have, in many cases, overtaken us. I am therefore intending to release a similar report at the end of the first quarter of 2015 to cover the 2014 trading year.

The format of this report is not fixed and therefore I would appreciate any comments or suggestions as to how I can improve either the content or layout of future reports.

I wish you all safe and happy flying.

Philip Hall

Chief Executive Officer

October 2014

2 Association Information

President

Air Chief Marshal (Rtd) Sir John Allison KCB, CBE, FRAeS, RAF

The LAA board of directors

Mr Roger Hopkinson (Chairman)

Mr John Brady

Mr Harry Hopkins

Mr Stewart Jackson

The Lord Rotherwick

Mr James Tannock

Mr Graham Newby

Mr Philip Hall (Chief Executive Officer)

Mr Jeremy Cooke

Mr Brian Davies

Company secretary

Mr Winston Lee

Association Secretary

Mr Eryl Smith

3 Chairman's Statement

I am delighted to contribute to our new format annual report document providing you, our members and others interested in our Association, with an overview of our activities and position in the Aviation world. As we see the UK recover from an uncomfortable recessionary period it is good to be able to report that our Association has navigated that storm well. Whilst our membership has remained almost static we have seen both change and prospects that provide clear opportunities for the future.

Our financial performance recorded a positive result despite pressure on costs and difficulty in some of our operating income streams, notably advertising income. Our change to mutual trading status ensures a much better tax position and I am pleased to report that our reserves, so important to our underlying financial health, can be regarded as in good health.

Our Association is of course about Safe Affordable Flying and ensuring the passion that we all have for that is both available and continues. Progressing, that is for us, the prime raison d'être. Our celebration of that principle at our recent rallies seem to me to reinforce our evolution, though inevitably time changes things and it is important the LAA, like many other organisations, keep up with change and grasp opportunities. With that in mind I am pleased to report that our airworthy fleet has risen to peak levels, at around 2,600 aircraft. There is an underlying reason on that change; whilst we see a decline in build projects, happily arrested recently, this continues to be more than offset by the movement of orphan aircraft onto an LAA administered permit. In the context of flying being available to all, I am personally greatly excited by the "I Fly" initiative – a critical message for the future.

The degree of activity at strut and club level continues to be a fundamental part of our Association for many members and it is good to note that in recent months there has been an actual increase in both activity and the formation of enthusiastic new groups. Equally, there is change in that area and the activity of Internet based groups is clearly rising being now a significant part of membership involvement in promoting and living the flying passion. It is also good to report success with our Armstrong Isaacs training scholarship with graduates from the scheme not only achieving a PPL but actively contributing to the life of the Association. Training via courses and the Pilot Coaching Scheme continue to provide a great service, though the latter perhaps somewhat under-used, I fear. We need to encourage those activities more.

We administer over 470 different types of aircraft which due to the nature of our fleet means nearly each one is unique. This is a substantial and challenging Engineering and Airworthiness task and fundamental to our overall objectives as well as the on-going success of our Association. I am pleased to report that the

systems improvements we invested in a few years ago are now yielding the benefits we planned. Members will now see the effects of these enhancements with the launch of the owner's aircraft information online. I would like to acknowledge and thank the Engineering team for that progress.

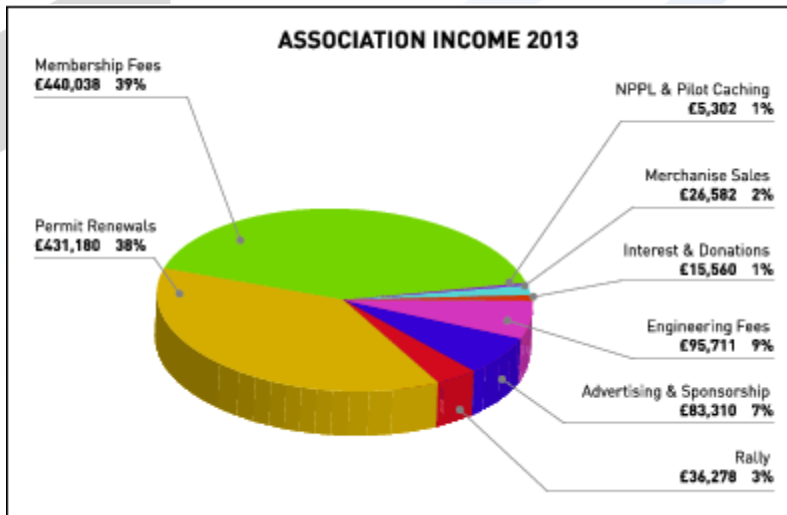
No aviator can fail to have noted the moves on the regulatory front towards a far more proportionate approach and indeed we have already seen some specific benefit from that. It is one of our prime tasks to pursue a regulatory environment that ensures not just the survival but the active growth of our passion. Such positive moves in the UK and increasingly in Europe will be vital to enhancing our position. LAA has been and remains very proactive in this area to ensure we secure that future; working both domestically and with our European colleagues. It will take time and requires continuous effort, however we view the changes ahead optimistically and will vigorously pursue these opportunities.

Finally I would like to wholeheartedly thank our staff, board members and volunteers for the outstanding work they do on behalf of the Association and its members. Thank you.

Roger Hopkinson
Chairman

4 Finance

The formal audited accounts for the 2013 financial year have been published as usual on our Association website and are available as an appendix to this report. The formal accounts are presented in a standard format that is very much the same for all limited companies operating in the UK, regardless of their business activities. In this section I have tried to produce a more user friendly representation of where our income comes from and how your money is spent.



So how is our income generated and who pays the most? Well in simple terms virtually all of our income comes from the membership, supported by additional advertising and sponsorship revenues, interest on our reserves and the small income from events such as the Rally. The money collected from the members is roughly

split 50/50 between membership fees and engineering fees.

The good news is that our income increased by about £25,000 more than the previous year and some of this was due to both a very successful Rally and strong sales of books and merchandise such as clothing and memorabilia. Staying with the good news, the interest that we received from the banks and building societies on the Association's reserves remained similar to the previous year despite the very low national interest rate set by the Bank of England and this amounted to almost £1.50 per member, helping to keep your membership fees stable.

The slightly less good news is whilst we had a bigger income, we spent proportionally more than the received increase, leaving us with a much smaller surplus than the previous years. Without a small tax refund and that interest we received on our reserves, 2013 would have easily been a loss making year.

Whilst the largest engineering related income comes from the permit renewal fees, a small amount is collected through project registrations, modifications and transfer fees. These other fees are generally subject to VAT so the Association only keep 80% of what you pay for these additional services. This means that from our current modification fee of £45, the association keep just £37.50, however on average each modification costs the Association around £200 to process, I am sure that you agree it is not a great financial return.

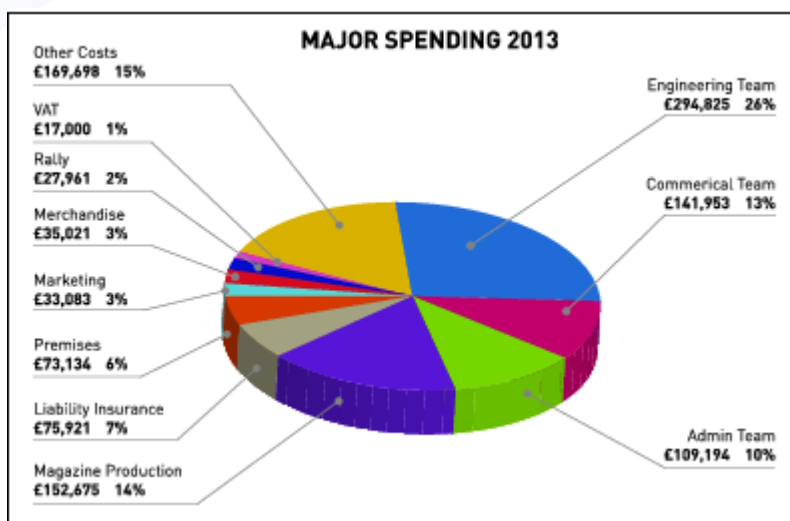
Our major spending is easily divided into four areas: staff employment costs, magazine production, liability insurance and premises, jointly amounting to almost £850,000 for the 2013 financial year. It is fair to say that HM Treasury receives a reasonable chunk of this spend from Income Tax, National Insurance contributions, VAT and Insurance Premium Tax; however it is good to know that we are all doing our bit for Great Britain PLC.

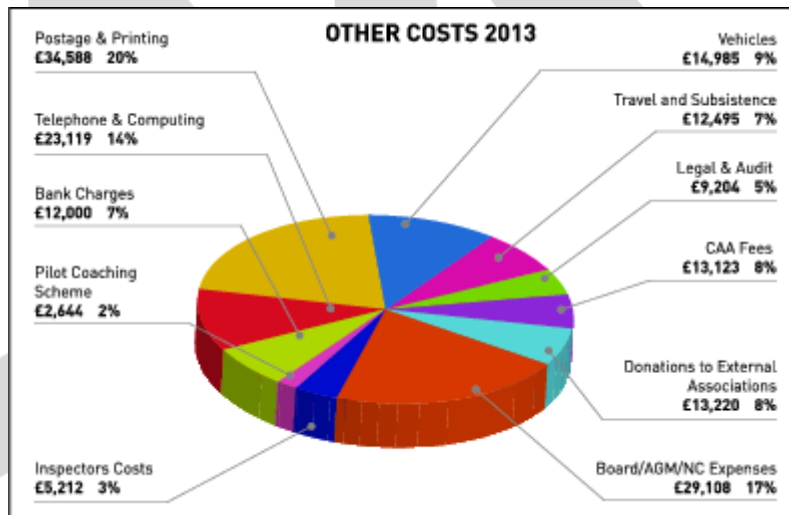
Many multinational organisations spend a significant amount of their annual income promoting their products and corporate image; in 2013 our total spending on marketing and advertising reached just 3% of our total income. This is an area that we need to focus further on in future years, after all if we don't blow our own trumpet nobody else will do it on our behalf.

Before getting into the nitty gritty of our lesser annual costs, it is worth recognising that when amalgamated, the smaller costs that we incur are not small change, in fact they amount to 15% of our total annual spend, roughly equivalent to purchasing a squadron of small Jodels.

In the modern world we have all become reliant on telecommunications and Information Technology and our Association is no different, however the 2013 spending of just over £23,000 on technology represents a very modest proportion of our overall budget. With the advent of the computing age came the promise of the paperless office, a promise that has never materialised and that fact is underlined by our printing and postage costs being in excess of £34,000. Our banking charges remain stubbornly high at £12,000 with much of this cost related to the processing of credit card transactions.

Engagement with external parties such as the Civil Aviation Authority and the Department for Transport is a key part of the activities performed by the LAA board members and that engagement has a cost attached to it. In a similar vein ensuring that the Association is correctly governed means that regular Board meetings, National Council meetings and an Annual General Meeting must be held and the expense covered from Association funds. In 2013 the cost of these activities was a little over £29,000. Our other regulatory spend includes the fees that we pay to the Civil Aviation Authority and the annual accounting audit performed by Collet Hulance.





As many of you will be aware, the Association play an active part in the wider GA community and support other organisations with annual donations or subscriptions which amount to £13,220. Our single biggest annual subscription is to the Royal Aero Club which is the

organisation that represents UK aero sports at international level. Other significant donations were made to EFLEVA (European Federation of Light, Experimental and Vintage Aircraft), GAAC (General Aviation Awareness Council) and GASCo (General Aviation Safety Council).

LAA involvement with the National Private Pilot Licence (NPPL) scheme continues to generate small revenues but the true benefit of the NPPL to our GA community is much greater than the money we receive, making it a very valued part of the Association's portfolio of services. On a similar theme, I think everyone would agree that our inspectors and coaches contribute significantly to our LAA community and the small proportion of our annual spend on these activities represent excellent value for money.

The 2013 financial year was generally managed in a sound and proper manner however we must not rest on our laurels, we must continue to strive to reduce wastage, become more efficient and get the best possible value from our limited resources. We should investigate other revenue sources such as wider sponsorship agreements and possibly seek a return on our intellectual property.

Philip Hall

Chief Executive Officer

5 Engineering and Aircraft

First Permit Issues lagged behind the figures for 2012 for the initial three months of 2013, however the figures improved considerably from April onwards and finished ahead of those for 2012 and almost up to the 2010 to 2012 average. The continuing trend with First Permit Issues is that the vast majority of the First Issues are in the higher weight category, a trend that has been boosted by the transfer of "de Havilland" types such as the Chipmunk and Bulldog aircraft.

Following a similar pattern to the first issues, permit renewals were very quiet for the first quarter of the year, perhaps as a result of the seemingly endless winter. A surge in April once again lifted the figures to finish at a level above the previous year by almost 70 aircraft.

New Project Registrations have consistently run behind the figures for 2012, which sadly continues a developing trend over the last few years. The presentation of the statistics now includes a table showing the weight categories of the New Project Registrations, which again demonstrates the high proportion of heavy weight category aircraft, although there have been no new 3 or 4 seat projects registered this year. There have been approximately 10% fewer new registrations compared to 2012.

New Designs 2013		
<i>Type</i>	<i>Status</i>	<i>Owner</i>
TL Sting	Cleared to test fly	Peter Ronfell
Bristell	Test flying completed	Farry Sayyah
Cvetkovic CA-65	Cleared to test fly	Dave Hunter
Z1R Flitzer (Rotec Radial)	Cleared to test fly	Dudley Patterson
Travel Air Type R	Full Permit to Fly	Richard Seeley
Percival Mew Gull (replica)	Cleared to test fly	Dave Beale

Our fleet on vintage aircraft have enjoyed a successful year with the first UK example of a Morane 317 having been rebuilt, flight tested and issued a full permit just before the Sywell rally. A similar Morane 315, which has been re-engined with the Rotec 9 cylinder radial engine has also been cleared for flight testing. The sole surviving example of an Auster B8 Agricola, a low-wing crop sprayer, has returned from New Zealand and after being restored, it has been cleared for flight testing.

The restoration of the unique amateur-built Granger Archeopterix of the 1930s is nearing completion in the hands of the son of one of the original designer/builders and should fly again before the end of 2014 . LAA Engineering Department have carried out a design review as part of the rebuild process and various structural improvements have been incorporated. This was a very

advanced amateur design for its time, being a tailless, swept wing aircraft inspired by the Pterodactyl series built by Westland.

We have now completed 88 "de Havilland" transfers with another 40 having made an initial application / declaration of intent to transfer. Numerous issues have come to light with these aircraft at transfer time which had not been identified whilst they were operated on a CofA. We have notified the CAA of the problems we have found.

During 2013 Ken Craigie organised a number of inspector courses over the summer covering topics such as Tiger Moth, Chipmunk and Gipsy Engines. Ken has also instigated a system of on-line inspector newsletters along with a dedicated inspector area on the LAA website.

Malcolm McBride has dealt with the usual number of airworthiness issues during the year and has been increasingly busy since the AAIB have changed their policy on reserving field investigations only for fatal GA accidents.

Engineering will be working on several initiatives in 2014 (in alphabetical order):

- A8-26 – Apply for the new sporting and recreational airworthiness approval
- Constant Speed Propellers - Develop more appropriate and proportional systems for maintenance of constant speed propellers
- Factory Built Gyroplanes – Expand our capability to provide permit renewals for these aircraft
- Hangar Queens – Provide support to owners and their inspectors in assisting the return to flight of aircraft long out of permit
- Night/IFR – Work with the CAA to further this initiative to trial stage
- Yak Aircraft – Investigate the feasibility of taking on airworthiness oversight of these aircraft

LAA Engineering Department

6 Pilot Coaching

The Pilot Coaching Scheme has worked hard over the year to resolve member issues and enquiries created by the transition to the new EASA licensing standards. Much of the support for members has been provided by contact with the CAA to complete complex enquiries and applications. The team have also worked to influence policy and regulation change where possible, both at CAA and EASA level. It has also been necessary to review our current coaching scheme offerings and ensure that planning for regulation change has been completed.

We are pleased to have been able to welcome two new coaches to the coaching team during 2013, Barry O'Neill and Stanley Dauncey. Stanley Dauncey completed his CRI training course in-house with the head of the coaching scheme, Jon Cooke. Three further coaches have been accepted and will undergo induction early in 2014.

It has been a busy year for events with the coaching team attending The Flying Show (NEC), Popham, AeroExpo and LAA Rally. The team were kept busy providing Language Proficiency Endorsements and advice on EASA licensing matters. The team expect to be at similar events during 2014.

Under the new EASA rules the coaching scheme will, like many other organisations, have to migrate from being a Registered Training Facility to an Approved Training Organisation. Much of the work involved in this transition will be undertaken by April 2014.

Jon Cooke has been very active working with the CAA to help define a new PPL training syllabus which fits the needs of the modern training environment. There is obviously a need to protect the interest of our LAA members when such changes are proposed and further detail is expedite to emerge during 2014.

Due to the regulatory changes introduced by EASA, there is an opportunity to become involved in ab-initio training. This has been proposed through the LAA Academy scheme, which could see the next generation of pilots being introduced to the LAA ethos at an early stage of their training.

During the year discussions have been held with the BMAA regarding operational matters with microlights, which now represent a significant number of LAA types. Consideration is now being given to approving selected BMAA instructors (who are LAA members) as microlight-only LAA coaches.

Jon Cooke
Pilot Coaching Scheme Chairman

7 Awards

2013 Rally Winners				
Winner	Reg	Type	Award	Reason
Thomas & Barbara Pugh	G-ZENY	Zenith Zodiac CH601HD	AIR SQUADRON TROPHY	BEST PLANS BUILT AIRCRAFT
David Drew	G-RJAM	Sequoia F-8L Falco	COMMENDATION CERTIFICATE	PLANS BUILT AIRCRAFT
Alain Quincy	F-PFAF	Supermarine Spitfire Mk26	RAA (CANADA) TROPHY	BEST KIT BUILT AIRCRAFT
Alan James	G-CGPX	Zenair CH601 XL	COMMENDATION CERTIFICATE	KIT BUILT AIRCRAFT
Joe Singleton	G-RVIZ	Vans RV-12	COMMENDATION CERTIFICATE	KIT BUILT AIRCRAFT
Matthew S Colebrook	G-STSN	Stinson 108-3 Flying Station Wagon	JOHN RANDALL TROPHY	BEST VINTAGE
Tony Whitehead	G-MOSA	Morane Saulnier MS 317	ROY MILLS TROPHY	BEST CLASSIC AIRCRAFT
Mike Dyson	G-BKTA	Piper L18C Super Cub	COMMENDATION CERTIFICATE	CLASSIC AIRCRAFT
John Chilcott Lindsay	G-BDUL	Evans VP-1	SYWELL TROPHY	BEST CLASSIC HOMEBUILT
Association RRAA	F-PMOZ	Mosquito 75	TIGER CLUB TROPHY	BEST ORIGINAL DESIGN
David Organ	G-AXVM	Campbell Cricket Gyro	KEN WALLIS TROPHY	BEST HOMEBUILT GYROPLANE
Richard Seeley	G-TATR	Travel Air Mystery Ship	THE POOLEY SWORD	BEST REPLICIA AIRCRAFT
Terry Dann & Keith Pogmore	G-AIDS	DH82a Tiger Moth	PERSONAL PLANE SERVICES TROPHY	BEST MOTH
Mike Dyson	G-BKTA	Piper L18C Super Cub	JIM EMPSON TROPHY	BEST FABRIC PIPER
Joe Singleton	G-RVIZ	Vans RV-12	ANDY NOWICKI TROPHY	BEST RV
Roger & Wendy Hinchcliffe	-----	Chilton DW1	ALBERT CODLING TROPHY	BEST PART BUILT

2013 Service Awards		
Winner	Award	Reason
Mary Leader	Lois Parker Trophy	Distinguished service in an administrative function
Robin Morton	Frank Hounslow Trophy	Services to LAA Engineering
Dudley Patterson	Chris Paul Trophy	Services to the Rally
Jonathan Smith (NATS)	Peter Clarke Trophy	Major contribution to flight safety
David & Sue Dunn	Faulkner Bryant Trophy	most active Strut or person within the strut system.
Ray Lewis	Roderick Turner Trophy	person who has contributed most to flying for fun
Dave Bonsall	Coates Swalesong Trophy	for the best design feature.

Other Awards

- The 2013 Ted Moslin Trust light aircraft design scholarships were been awarded to Adrian Parker and Stuart Spencer.
- The 2013 Armstrong Issacs scholarship was awarded to Will Proud

8 Appendix A – Engineering Statistics 2013

Engineering Activity 2013

FIRST ISSUES

	Up to 390 kgs		391 to 499 kgs		500 Kgs & over		2013 Totals		2012	2010-2012
	Actual	Cumul	Actual	Cumul	Actual	Cumul	Actual	Cumul	Cumulative	Average
	January	0	0	0	0	3	3	3	3	8
February	0	0	0	0	5	8	5	8	14	14
March	0	0	0	0	9	17	9	17	18	21
April	1	1	1	1	11	28	13	30	26	34
May	2	3	3	4	8	36	13	43	37	50
June	0	3	2	6	25	61	27	70	49	89
July	0	3	0	6	11	72	11	81	59	86
August	0	3	2	8	15	87	17	98	81	102
September	0	3	2	10	13	100	15	113	88	110
October	0	3	1	11	3	103	4	117	97	116
November	0	3	1	12	5	108	6	123	109	131
December	0	3	1	13	7	115	8	131	117	134
Totals	3		13		115		131		117	134

RENEWALS

	Up to 390 kgs		391 to 499 kgs		500 Kgs & over		2013 Totals		2012	2010-2012
	Actual	Cumul	Actual	Cumul	Actual	Cumul	Actual	Cumul	Cumulative	Average
	January	10	10	18	18	34	34	62	62	107
February	7	17	27	45	72	106	106	168	209	169
March	12	29	37	82	81	187	130	298	423	378
April	35	64	100	182	200	387	335	633	640	642
May	24	88	101	283	213	600	338	971	975	939
June	35	123	71	354	196	796	302	1273	1308	1283
July	33	156	113	467	223	1019	369	1642	1600	1552
August	22	178	79	546	215	1234	316	1958	1899	1846
September	16	194	57	603	106	1340	179	2137	2064	2031
October	7	56	56	659	102	1442	165	2302	2216	2199
November	10	66	33	692	94	1536	137	2439	2389	2344
December	8	74	31	723	52	1588	91	2530	2463	2420
Totals	219		723		1588		2530		2463	2420

NEW PROJECTS REGISTERED

	2013		2012	2010-12	2013 Project Weights			
	Actual	Cumul	Cumul	Average	LW	MW	HW	HW 3+ Seats
January	8	8	17	13	0	2	6	0
February	3	11	21	20	0	1	2	0
March	7	18	27	30	0	0	7	0
April	3	21	29	34	0	1	2	0
May	2	23	35	41	0	1	1	0
June	4	27	39	46	0	2	2	0
July	3	30	40	53	0	1	2	0
August	9	39	43	56	0	2	7	0
September	14	53	47	61	0	3	11	0
October	3	56	54	66	0	0	2	1
November	5	61	64	74	0	2	3	0
December	2	63	65	79	0	1	1	0
Totals	63		65	79	0	16	46	1

9 Appendix B – Financial Statements

LIGHT AIRCRAFT ASSOCIATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
TURNOVER		1,122,477	1,098,047
Cost of sales		<u>311,661</u>	<u>279,541</u>
GROSS PROFIT		810,816	818,506
Administrative expenses		<u>818,804</u>	<u>780,982</u>
OPERATING (LOSS)/PROFIT	2	(7,988)	37,524
Interest receivable and similar income		11,484	12,388
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,496	49,912
Tax on profit on ordinary activities	4	(2,344)	(29,817)
PROFIT FOR THE FINANCIAL YEAR		<u>5,840</u>	<u>79,729</u>

The notes on pages 9 to 14 form part of these financial statements.

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LIGHT AIRCRAFT ASSOCIATION LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£	£
TURNOVER	1,122,477	1,098,047
COST OF SALES		
Opening stock	13,870	12,833
Purchases	21,151	20,755
Engineering expenses	68,254	62,154
Magazine expenses	152,675	157,503
Promotional events	12,132	14,560
Advertising	20,891	5,910
NPPL expenditure	-	120
Rally costs	27,961	19,576
	<u>316,934</u>	<u>293,411</u>
Closing stock	<u>(5,273)</u>	<u>(13,870)</u>
	<u>311,661</u>	<u>279,541</u>
GROSS PROFIT	810,816	818,506
OVERHEADS		
Administrative expenses	818,804	780,982
OPERATING (LOSS)/PROFIT	(7,988)	37,524
Interest receivable and similar income	11,484	12,388
PROFIT ON ORDINARY ACTIVITIES	3,496	49,912

LIGHT AIRCRAFT ASSOCIATION LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013

	2013		2012
	£	£	£
ADMINISTRATIVE EXPENSES			
Personnel costs			
Directors salaries	51,072		56,349
Salaries, National Insurance and pension costs	439,494		439,397
Contract staff costs	55,406		26,666
		545,972	522,412
Establishment expenses			
Rent and room hire	43,086		36,217
Insurance	36,576		33,650
Repairs, renewals and maintenance	1,478		69
Premises expenses	17,977		12,991
		99,117	82,927
General expenses			
Motor and transport costs	9,078		3,645
Telephone	2,984		2,922
Board expenses	26,227		14,140
Staff expenses	7,388		10,582
Postage and carriage	14,998		15,638
Printing and stationery	19,590		18,025
Computer software and support	19,275		41,289
Staff training	1,142		539
Other staff related expenses	-		2,529
Sundry expenses	6,067		8,397
NC expenses	842		1,397
Fees, subscriptions and donations	13,220		9,030
AGM/EGM expenses	2,040		827
Irrecoverable VAT	17,000		10,012
Legal and professional fees	3,804		5,557
Auditors remuneration	5,400		5,450
Depreciation	12,606		15,030
		161,661	165,009
Financial costs			
Bad debts	480		438
Bank charges and interest	11,574		10,196
		12,054	10,634
		818,804	780,982
INTEREST RECEIVABLE AND SIMILAR INCOME			
Bank interest receivable		11,484	12,296
Other similar income		-	92
		11,484	12,388