

REGISTERED IN ENGLAND AND WALES NUMBER: 00567460

CHARITY NUMBER: 314229



**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**28 FEBRUARY 2019**

# TALL SHIPS YOUTH TRUST

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FOR THE YEAR ENDED 28 FEBRUARY 2019

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# TALL SHIPS YOUTH TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 28 FEBRUARY 2019

Tall Ships Youth Trust is a company limited by guarantee and a registered charity.

<b>Charity Number</b>	314229
<b>Company Number</b>	00567460
<b>Principal Office</b>	2A The Hard, Portsmouth, PO1 3PT
<b>Patron</b>	His Royal Highness The Duke of York KG KCVO
<b>Vice-Patrons</b>	Admiral of the Fleet the Lord Boyce KG GCB OBE DL Mr I A Carruthers Mr P Coleman Mr D de Laszlo DL Lord Grade CBE Lord Greenway Mr M Le May Mr O Michaelson Mr D Tydeman Mr T Vokos Mrs C Williams
<b>Trustees</b>	Mr M P Aiken MBE (Deceased 24 March 2019) Mr N Andrews (Appointed 27 November 2018) Mr M Broughton (Resigned 4 March 2019) Mr P D'Ornano (Appointed 27 November 2018) Mr S Edwards (Appointed 27 November 2018) Mr R Evans Surg. Lt. Cdr. C Griffiths RN (Resigned 4 March 2019) Mr S Hartigan Mr N Jones (Appointed 27 November 2018) Mr J Lennox, Chairman Mr P McDanell Rear Admiral R Melly Miss K Nazarin (Appointed 31 May 2018) Mr M Wippell (Appointed 31 May 2018)

# TALL SHIPS YOUTH TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

<b>Chief Executive</b>	Rear Admiral Richard Leaman-Grey CB OBE
<b>Company Secretary</b>	Mr P.Taylor
<b>Auditors</b>	Moore Stephens (South) LLP 9 St John's Place Newport Isle of Wight PO30 1LH
<b>Investment Managers</b>	Brewin Dolphin Investment Management PO Box No 8 7 Drumsheugh Gardens Edinburgh EH3 7QH
<b>Bankers</b>	Clydesdale Bank Plc Gatwick Business and Private Banking Centre 5 Peveril Court 6-8 London Road Crawley West Sussex RH10 8JE

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

### Chairman's Introduction

The need for our life-changing work endures. We changed nearly as many disadvantaged young people's lives this year as we did last, when we were operating the 48-berth brig – a remarkable achievement. And the diversity of our young voyagers continues to expand to touch all elements of society, all across the country. Whilst we have not yet successfully made the case with Government, we offer a particularly relevant response to the current wave of youth and knife crime and will continue to press decision-makers to understand this, and to utilise our capability.

This year saw us modernising the charity and making a successful transition to operating with a smaller fleet. It also saw a significant effort applied to opening new fundraising channels and to develop new partnerships – within the sector, and with commercial entities. We also launched an appeal for a new tall ship, with very promising initial results and several new initiatives to develop the regular sustainable income necessary to operate her. We also remain in financial balance.

During the year, we appointed the following as new Trustees; Kiera Nazarin, Mark Wippell, Philippe D'Ornano, Simon Edwards, Nick Andrews and Nigel Jones. I would like to say a big welcome to them and have no doubt they will bring some proven skills to the trustee board.

It is with deep sadness and regret that we report the recent death of Mike Aiken. He has been an outstanding trustee and his support over the years has been both vital and extremely generous. We send our sincerest condolences to his family.

We say goodbye, with sincere thanks, to Charlotte Griffiths and Mike Broughton, both of whom have given sterling service to the charity over a long period of time.

Looking ahead, we still have much work to do to re-engage our membership and develop our volunteer force – both critical enablers for any charity, and especially Tall Ships. We are also determined to raise national awareness of the charity, and the incredible work we do, because without this, income generation is so much harder.

Having been a trustee and Chairman for nearly ten years, I feel the time has come to step down and hand over the reins to someone else. I am delighted that, following the sterling work from the Nominations Committee, we have been fortunate to secure the services of David Aisher, who has agreed to take up the role as trustee and Chairman. David is a businessman and active yachtsman and is a former Commodore of RORC and Rear Commodore Yachting at the RYS. I wish him every success in the years ahead.

My tenure has been hugely satisfying. Although we have come through some difficult times with some significant financial challenges, we are now well placed to provide the same excellent service to young people for decades to come. It has been a period of significant change with the sale of the two loss making brigs, the second of which was, by necessity, sold at auction following the late collapse of the sale to a foreign navy. Since then, we have successfully stabilised the Trust's finances and launched a Capital Appeal to buy a more cost-effective tall ship to grow our capacity again. In addition, we have negotiated our way through to an affordable agreement with MNOF for the pension deficit repayments.

I am proud to be leaving the Trust at a time of high optimism, with strong leadership; a new chairman, an excellent group of Trustees, and a capable staff team, ably led by our CEO.

I would like to record my thanks to my fellow Trustees, present and past, our VP's, funders, supporters, volunteers and the head office staff, a number of whom have been here longer than me. All have worked very hard, and with good humour, in difficult circumstances to bring us to where we are today.

I wish the Trust every success.

Jock Lennox  
Chair of Trustees  
Tall Ships Youth Trust

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Vision, Mission and Values

Our **Vision** is a society where all young people have the opportunity to develop their full life potential.

Our **Mission** is to enable young people to fulfil their life potential through experiences at sea, and by breaking down the barriers they face in society.

Our **Values** are:

- **Inclusion** Diversity of our beneficiaries, staff, volunteers and donors is of vital importance to us, and we want everybody who touches the charity to feel included, respected and valued.
- **Adventure** Sailing, working and volunteering for Tall Ships should be an adventure; we thirst for challenge, excitement, innovation, and new learning. We challenge the status quo.
- **Excellence** In everything we do, we seek to be the 'best of the best'; youth development, sea safety and safeguarding, connecting with our supporters and voyagers, collaborating with our partners and ensuring the compliance of our fundraising practices.

In reviewing the Trust's aims, objectives and planned activities, the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

### History

The Tall Ships Youth Trust, formerly known as The Sail Training Association, when it operated the Malcolm Miller and Sir Winston Churchill, is the world's oldest and largest sail training charity dedicated to the personal development of young people aged 12 to 25.

Formed in 1956, over 118,000 trainees have sailed 2 million nautical miles on our fleet of vessels. The Trust has built a reputation for delivering outstanding results with young people, some of whom have had an extremely challenging start to their lives.

### Review of Activities

Our transformational work with a wide variety of young people and adults has continued throughout the period, despite loss of the capacity previously afforded by the brig. This year we took 854 young people, 665 of whom were disadvantaged or disabled, and 358 adults whose voyage fees support, in part, our youth voyages.

Elsewhere in the charity, an enormous amount of work has been undertaken to broaden our fundraising capability, re-engage with our supporters, develop new propositions, and to refresh our brand and website. We are developing a number of sustainable income streams too - membership, community fundraising, a fundraising syndicate, and individual giving - all of which are essential if we are to be able to afford to operate our future fleet.

We also launched a capital appeal to raise funds for a smaller, more cost-effective Tall Ship, something akin to the schooners we started with over 50 years ago. We need to raise a total of at least £5m to take us from where we are now, to a situation where we are debt-free, have a new smaller Tall Ship, and a bursary fund for young people's voyages. The appeal so far has already realised over £560,000.

An important part of our work going forward is the development of new partnerships. We have built good relationships with the Jubilee Sailing Trust and Ben Ainslie's 1851 Trust, and already presented joint venture bids to three grant-making bodies, one of which has donated over £90,000. We have established a close relationship with Catch 22 and will soon be launching a joint funding bid for a longitudinal research programme with 100 young people, to understand and quantify the long-term effect of our work. We have concluded a partnership deal with Douglas Gill International Ltd and have developing relationships with a number of new commercial entities, all of whom can see the value of our work and wish to be associated with - and sponsor - what we do.

Despite concerted efforts, our shore-based volunteer force, remains critically small. We have been working hard to improve engagement levels, and Trustees have committed to become more personally involved with branches in the months and years ahead, to help boost local recruiting and community fundraising efforts.

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

Our **Purpose** is to increase young people's life chances and well-being by supporting them to develop their independent living skills, build self-esteem and aspirations, embrace a healthier more active lifestyle, and get involved in volunteering. We do this using 6 ocean-going 'residential youth centres'. The Trust's current fleet is four 22m ocean going yachts, an 18m catamaran, and a 16m ketch. The development of young people - particularly those who are disadvantaged - is central to everything we do, and we are proud of our reputation amongst education and youth work professionals for delivering effective, good quality services to young people.

**Ofsted Report 2015:** *"Trust voyages enable pupils to develop their physical, social and emotional skills through working as part of a team while sailing the vessel."*

Whilst the Challengers, Catamaran and Ketch are very different settings for youth development, we operate them all to the same high standard, with the same policies and practices including rigorous screening of volunteers, Safeguarding Policies, and Codes of Conduct.

This year we took 854 young people to sea, of which 665 were either disadvantaged or disabled.

We continued to work with very diverse groups of people during the period. These included special needs groups, schools, youth offenders, youth organisations representing young people not in employment, education or training (NEET) and those from the black and minority ethnic communities. The voyages form an integral part of a longer-term development programme for each young person:

**Claire, Senior Youth Worker:** "The speed of change was nothing short of miraculous. The young people were used to staying up until 1am every night and sleeping all day - often relying on alcohol, cigarettes and in some cases drugs to keep them going. On board, they had to be up early every morning and work hard right through the day. It was difficult for everyone at first, but they really rose to the challenge. At the end of the week they had higher levels of energy, were more physically and emotionally alert, fitter and happier. A few weeks later and already 6 of the 10 young people are in employment, education or training. I put this down to the impact the voyage had on the young people's health, welfare and self-confidence."

Disadvantaged and disabled young people now represent 78% of those we work with. Some of the young people we take to sea have learning difficulties, ADHD, motor co-ordination problems, visual and hearing impairments and social interaction problems. Many of them have been involved in crime, and some in knife crime.

**Wayne, Teacher at a SEN School:** "Our young people have physical, emotional and behavioural issues. They have mild and severe learning difficulties, and many have severe autism. After years of total reliance on their parents and hardly ever going out, it was a challenge even thinking about how they and their families would cope with going on a voyage last year. But it was amazing - I've never seen such changes as I saw in the young people who took part in the voyage. Over 6 months later and the young people are still talking about it. They're more engaged and have developed much better coping mechanism. For example, before when they got angry, they would have had a tendency to lash out. Now they ask to be excused for a short time-out. Before they couldn't engage with people, they weren't familiar with. Now they can go into shops and speak quite easily to shop assistants. Several of them are also now volunteering in local community projects."

We are meticulous about measuring the impact of our voyages. Post-voyage evaluations<sup>1</sup> from the young people indicate:

- 85% improved team working skills
- 85% improved communication skills
- 82% increased confidence and self-esteem
- 79% improved problem-solving skills
- 81% improved leadership skills
- 83% managing their own feelings better
- 89% enjoyed the voyage
- 85% made new friends

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<sup>1</sup> Source: young people feedback questionnaires 2018/19

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

Youth workers, employers, parents, teachers tell us<sup>2</sup> the impact on the voyagers from their perspective is:

- Better concentration and more attentive
- Increased ability to learn
- More willing to work hard and take on responsibility
- Better communication
- Increased employability

### Business Plan

We currently have outstanding loans of £883k, with a fleet professionally valued at £1.7m. Our normalised operating cashflow with the residual six vessels has remained broadly positive, and we continue to look forward with confidence. We still have some legacy loan repayments which can negatively impact our cash flow, and also have to pay our share of the MNOPF pension liability, although we have recently rescheduled this to an affordable repayment plan which will end in 2023.

According to the Government's own statistics, there are 808,000 young people in the UK who are not in Education, Employment or Training (NEET)<sup>3</sup>. If the number of young people with disability, involved in crime, and from disadvantaged backgrounds are included, the demand for our work is immense. Our primary responsibility therefore is to ensure our work continues, and if possible, to grow our capacity.

The strategic plan therefore envisages improved fundraising capability and, when we can afford it, fleet expansion to grow the number of young people we support. Our challenge is balancing the need to invest in additional staff to grow the charity, whilst not taking so much risk that we end up with in-year cash challenges.

### Fleet Activity

Safety and safeguarding remain paramount and we will continue to maintain our vessels to the highest safety standards. Trustees receive a detailed operational safety and safeguarding report at each Board meeting.

Whilst the Trust has a reputation for good cost control, this has placed pressure on fleet readiness, and as a result, the impending financial year envisages higher investment in our vessels to ensure they remain at a high standard. We have developed a new long-term maintenance plan, hired a maintenance assistant, and have increased the resources available to the operations and maintenance budget in financial year 2019/20.

#### -Challengers

The Challengers had a busy year with Challenger 1 returning from the Caribbean in March, numerous local voyages during the summer as well as two longer youth voyages across Biscay and two adult voyages to Norway. All four Challengers took part in a voyage to London culminating in passing underneath Tower Bridge. Over the winter Challengers 3 and 4 crossed the Atlantic as part of the ARC, with Challenger 4 retuning in the New Year and Challenger 3 remaining in the Caribbean. Challengers 1 and 2 underwent maintenance over the winter period as well as continuing with youth, volunteer training and adult voyages.

#### -The Catamaran

The Catamaran had a busy year through to September and has been particularly effective conducting the Duke of Edinburgh Gold Award Expedition Voyages. She was less active over the winter months but underwent maintenance in readiness for another busy season.

#### -The Ketch

The Ketch this year circumnavigated England, Wales and half of Scotland, starting off in Portsmouth and transiting the Caledonian to spend the summer operating out of Inverkip, before returning through the Irish Sea to Portsmouth. She was less active over the winter months but underwent maintenance in readiness for another busy season.

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<sup>2</sup> Source: Professionals' feedback questionnaires 2018/19

<sup>3</sup> Source: Office for National Statistics 2018



# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Future Programmes

The sailing programme for the year was delivered and can be considered a success. Exceptions were the Canaries winter schedule which had to be cancelled and low Caribbean sales. Despite this, the fleet yielded 89% of budgeted income. To remedy this, we may publish the 2019/20 programme earlier, further develop the Caribbean voyages and not market for the Canaries. Plans for 2019/20 include a Fastnet campaign, two round-the-UK youth voyages, part funded by a crowdfunding campaign, and an international youth transatlantic crossing.

As ever, we are grateful to our Salaried Crew, Volunteer Crew and Head Office teams for their sterling work, support and enthusiasm. We also thank the many organisations and individuals who have helped us to recruit, and fund, our Young People.

### Tall Ships Academy

The Trust's training programme gives young people a path from their first experience to volunteering on the Trust's vessels and, for those who wish it, a nautical career. 14% of young people are recommended to come back as Volunteer Crew. The objectives of the Academy and its training programme are: – "to offer young people more options for enhancing their management skills and earn formal qualifications; to add value and enjoyment to the sailing experience of our Volunteer Crew by increasing their knowledge, skills and confidence; and to support the Trust's aim of maintaining best practice."

The programme formalises the existing on-board training for our Volunteer Crew – working with young people, vessel familiarisation, safety and safeguarding training – and adds to it the syllabus of the RYA Watch Leader Certificate.

### Duke of Edinburgh's Award

Our Youth & Volunteer Manager is qualified to assess young people for their Duke of Edinburgh's Award Expedition and has completed 6 to date. The groups pay for the assessment service, and it is a valuable addition to our offering.

### Promoting the Trust

During the period, we have completely refreshed the charity's brand and overhauled our website. This has been a hugely successful activity and underpinned the New Flagship Appeal launch in October. The new website launched in August 2018. When comparing the first 6 months of the new website with the same period the previous year, the time spent on site per session has increased slightly (+0.4%) whilst number of pages viewed each session has fallen (-20%), indicating more time spent engaging with each page. This suggests more effective, better structured content. We have also seen £2,270 per month in online donations since the launch of our Appeal Pages in October. Despite the decline in users (-15%) reaching the site, the website is performing more effectively now. Engagement with the content is stronger & donations have increased dramatically. Going forward, we have implemented better tracking to provide feedback on leads (bookings, pdf downloads etc) which all look strong thus far.

Our social media activity and engagement continues to grow. The combined number of followers across Facebook, Instagram and Twitter has increased by over 20% with Instagram seeing the strongest growth with nearly double the number of followers. Our engagement across all three channels is also strong. Our average engagement rate per post on Facebook is 0.4% compared to the industry average of 0.17%<sup>4</sup>, Twitter is 0.5% compared to the industry average of 0.05%<sup>4</sup>, and Instagram is 3% compared to the industry average of 2.14%<sup>4</sup>. This is largely due to having a small number of very engaged supporters as well as the new website and the launch of the New Flagship Appeal driving traffic to the channels.

Our conventional media activity in the period has also been successful with several key articles in national press, especially the Daily Express and Sunday Express, as well as regular pieces in industry publications such as All at Sea, the RYA Magazine and City AM. We have also seen several articles in local publications from around the UK. National and industry coverage has largely focused on the New Flagship Appeal and our celebrity partnerships whereas local publications focus on youth groups.

Promotional activities planned for 2019/20 include a new communications strategy to help achieve our strategic aims, engage with stakeholders and build trust amongst supporters. With the help of a new fresh and exciting brand, our exposure through the Daily Express and other media, and events such as the Round UK Sailing Challenge, we will raise awareness of the Trust both nationally and locally. Additionally, we will be working with one of the UK's largest creative, customer engagement and PR agencies, who will work with us pro-bono, to strengthen our brand and raise the Trust's awareness.

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<sup>4</sup> Source: 2019 Social Media Benchmark report

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Fundraising

The Trust raised £1.1m from 1,240 individuals and 185 trusts/foundations over the period.

We are particularly grateful to a number of generous individuals and supportive institutions without whose help in the autumn we would not be here today. Our duty now is to repay their generosity, and confidence in us, by growing the charity again, and reaching yet more young people in the years ahead.

We are now raising nearly half a million pounds annually from trusts/foundations alone. Equally impressive is the fact that 70% of them have been donating to the Trust for several years. We are very grateful for their continued support as well as that of the many new trusts that decided to give us their support for the first time in 2018/19.

The Halkes family made a generous donation in memory of Hugo who was just 12 when he was killed crossing the road. This enabled us to launch the "Hugo Halkes Voyage" in 2015/16 for disadvantaged young people from Wiltshire where Hugo lived. The family is keen to develop this initiative into a bi-annual event and have generously supported two voyages a year for the last 3 years.

We are also very grateful to the Dunhill family who decided to donate a substantial part of their father's legacy in his memory to the Trust. This will provide bursaries for 300 disadvantaged and disabled young people over the next 25 years as well as help with the upkeep of the Trust's fleet. Following the inaugural voyage in 2015/16, an annual "Eddie Dunhill Voyage" has now been established. At the end of each voyage the family meet the young people who have benefitted and give one of Eddie's sailing trophies to the young person who is deemed by the crew to have improved most during the voyage.

Individual Giving has seen a significant challenge with the introduction of GDPR within the period which resulted in a significant drop in the size of the active database. However, a number of regular giving initiatives have seen some success including re-opening membership, launching a regular giving product and running digital campaigns. A further regular giving product is due to be launched within the next period along with other fundraising initiatives. This coming year we will focus our attention towards legacy marketing. We hope also to improve our local community fundraising income, markedly, by reinvigorating the volunteer branch network, which has been allowed to decay over time.

The Tall Ships Youth Trust is a signed-up member of the Fundraising Regulator, and Trustees are satisfied that the charity's fundraising methods are compliant with both the current regulations and best practice. The Trust is committed to ensuring ethical fundraising practices, and Trustees regularly confirm this is the case. We received zero complaints this year about our fundraising.

### Volunteers

The Trust has hundreds of individuals who dedicate themselves to the service of the Trust and its mission for young people. During the year, they generously gave over 35,000 hours of their time to support our mission and we remain extremely grateful for their efforts.

The vast majority of these volunteers have been involved in seagoing activities or help at fundraising events, exhibitions and port events. Over the last 10 years our shore-based volunteer force has declined, both in numbers, and activity. The Trust once had 60 branches and thousands of shore-based individuals who dedicated themselves to the service of the Trust and its mission for young people. We now only have some 100 active shoreside volunteers remaining.

Our volunteers are an essential element of our future, and we are determined to rectify this situation. We have worked hard over the period to re-connect with our remaining stalwarts and delivered 12 roadshows all over the UK. We have a mountain to climb before we have a fully functioning and growing national network again. Trustees have committed to become more personally involved with branches going forward, to help boost local volunteer recruiting and community fundraising efforts. We are holding two national volunteer conferences and have just launched a consultation on the charity's first-ever Volunteer Strategy.

We recognise that volunteers need more support to do their work. We are giving fundraising advice, improved collateral, and more authority to go to local grant-giving bodies than hitherto. We have updated the standard operating procedures and worked hard to ensure that volunteering for Tall Ships is easy, and fun. Our future depends on the goodwill, innovation and hard work of our volunteer force, and we trust in them to continue to believe in us, and the life-changing work we do.

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### **Risk Review**

The major operational, reputation and financial risks to which the Trust is exposed, as identified by the Board, have been reviewed and systems established to mitigate those risks. They fall into five categories; Personnel, Funding, Operational, Reputational and Developmental, with the contents of each category as shown.

#### **Personnel**

Insufficient number of competent and trained staff. Insufficient number of seagoing volunteers. Volunteer branches not performing to requirement. Loss of key members of staff threatens effective operations management.

#### **Funding**

Cashflow insufficient to operate the charity. Liquidity insufficient to operate. Asset-to-loan ratio inadequate. Routine fundraising fails to meet targets. Pension fund repayments exceed our capacity to pay.

#### **Operational**

Death or serious accident to crew, staff or the public whilst operating the vessels. Defects prevent vessel sailing. Incident at sea damages a vessel. Illness or medical incident prevents vessel sailing. Certification failure of a vessel threatens programme. Head Office closure due to an incident.

#### **Reputational**

Safeguarding incident with beneficiary, voyager or crew member. Incident at sea leading to bad publicity. Failure of IT system security. GDPR Breach.

#### **Developmental**

New Flagship Appeal fails to meet target. New ship project fails to deliver.

For all these risks, and their elemental constituents, mitigation has been put in place and, with the exception of the routine fundraising (which has yet to grow significantly), and the pension fund deficit (which could increase over time if other fund members become insolvent), and volunteers, the residual risk at 28 February 2019 is determined to be "low" or "moderate".

### **Investment Powers and Investment Policy**

The Articles of Association give the Trustees the power to invest the monies of the Trust not immediately required for its purposes in or upon such investments, securities or other property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed by law. At this stage of the charity's business cycle, we have no investments. If the New Flagship Appeal is successful, then we anticipate we will have at least £1m of investments to manage.

### **Environmental Policy**

The Trust continues in its efforts to reduce its carbon footprint and our overall impact on the environment. Increasing use of teleconferences and Skype have reduced travel costs, and we remain conscious of the need to re-cycle, and avoid wasting non-renewable energy.

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Structure, Governance and Management

The Tall Ships Youth Trust is a charitable company limited by guarantee. The governing documents are its Memorandum and Articles of Association. For the purposes of Company Law, the Trustees listed on page 1, are the directors of the company and are elected by resolution of the company at a general meeting. The company is administered under the control of the Trustees, sitting as the Board of Management, who have general control of and responsibility for the management of the Trust and its subsidiary companies.

The trading operations of the Trust are devolved to its wholly owned subsidiary, Tall Ships Limited. As well as appointing directors to the subsidiary company, the Board can establish other committees to deal with different aspects of the Trust's work as necessary.

Trustees are conscious of the new ACEVO/NCVO/Charity Commission sponsored 'Code of Charity Governance' and have been applying considerable effort towards full compliance. During the reporting period, a new Strategy has been implemented, and work undertaken to revise the Articles of Association. The Articles should be finalised early in the next reporting period and will be taken to the membership as soon as practicable thereafter.

Work has also been undertaken on improving collaborative relationships, notably within the sail training community, and with other youth development charities.

In terms of leadership, the board have reviewed our desired skill sets and begun a process of board renewal. During the year, we appointed Kiera Nazarin, who has recently been a youth voyager, onto the board, which has allowed for greater diversity and a voice for young people at the meetings. More Trustees, with specialist skills, have also recently been appointed, subject to AGM ratification; Mark Wippell, Philippe D'Ornano, Simon Edwards, Nick Andrews and Nigel Jones. We also look forward to welcoming Dr Kenny Frederick to our ranks soon, as our young people and safeguarding professional.

It is with deep sadness and regret that we report the recent death of Mike Aiken. He has been an outstanding trustee and his support over the years has been both vital and extremely generous. We send our sincerest condolences to his family. We say goodbye, with sincere thanks, to Charlotte Griffiths and Mike Broughton, both of whom have given sterling service to the charity over a long period of time.

The nominations, screening and selection process for new Trustees is managed on the Board's behalf by an Appointments Committee consisting of three Trustees including the Chairman and Chairman of Finance. Additional Trustees are involved as appropriate. Candidates are invited to meet at least two Members of the Appointments Committee and the Chief Executive. All new Trustees also receive a full briefing on the Trust's financial performance, business plans and key issues, and meet key employees. On conclusion of this process, the Appointments Committee recommend candidates to the Board which decides on the appointment and, if successful, co-opts the individual until the next AGM at which their appointment is ratified by the members.

The Trust has a wide-ranging induction programme for Trustees. The programme includes visits to the Trust's main operating bases (vessels), introduction to new youth initiatives, coverage of the charity's aims and how they are being fulfilled, the role and duties of the Trustees, company and charity law and governance, and financial and risk management. Further ongoing training is arranged for Trustees individually or the Board as a whole as needed.

The board has also recently undertaken an audit of our operational maintenance (particularly safety-related activity), and safeguarding, to ensure we are compliant, and we have minimised the risk - both to young people, and to our reputation. Over this period, the Board have been actively using the new Performance Scorecard, to allow strategic delivery to be monitored, and the new Risk Register to ensure risks to the charity are mitigated wherever possible.

We are keen to promote a spirit of openness within the charity - between Trustees, Executives, Beneficiaries, Volunteers and Supporters. We have re-opened the membership to new members, and we look forward to meeting some of our new members at the next meeting.

Day-to-day management of the Trust is delegated to the Chief Executive. We congratulate and thank him and our small but extremely professional, committed and hard-working team at Head Office for achieving such remarkable success over the last 2 years with such limited resources. Without their dedication and determination, the charity would not be afloat today.

We thank all who gave of their resources, time and expertise to support the Trust during this year of renewal and re-invigoration.

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Financial Comparison to Previous 12 Months

The loss on disposal of the brig was incorporated into the prior year Accounts at that time by extending the year-end to 18 months, and this was then followed by a short accounting period of 6 months to 28 February 2018 in order to return us to our normal accounting cycle.

This temporary adjustment of our accounting periods makes a like-for-like comparison between the full year results of 2018-19 and the previous period of 6 months impossible. We have therefore shown below how the results compare against the underlying figures for the previous 12-month period.

Despite the removal of the voyage capacity of the brig, the Trust has made good progress over the last year in terms of the numbers of young people we take to sea, particularly those who are disadvantaged, our net operating income, and also our fundraising capacity.

<b>Full Year Comparisons</b>	<b>Notes (see below)</b>	<b>y/e Feb 2019</b>	<b>y/e Feb 2018</b>	<b>Variance</b>
<b><u>Number of Voyagers</u></b>		<b>Number</b>	<b>Number</b>	<b>Number</b>
Disadvantaged young people		665	678	(13)
Other young people		189	315	(126)
Adults		358	879	(521)
<b>Total</b>	<b>1</b>	<b>1,212</b>	<b>1,872</b>	<b>(660)</b>
<b><u>Financial Results</u></b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Voyage income		1,087	1,522	(435)
Direct fleet costs (exc fleet depreciation)		(645)	(1,549)	904
<b>Net Operating surplus/(deficit)</b>	<b>2</b>	<b>442</b>	<b>(27)</b>	<b>469</b>
Overheads	3	(909)	(805)	(104)
<b>Operating deficit before fundraising</b>	<b>4</b>	<b>(467)</b>	<b>(832)</b>	<b>365</b>
<b>Fundraising - Regular donations:</b>	<b>5</b>			
Individual and Regular giving		691	623	68
Legacies		144	1	143
		835	624	211
Less: bursaries allocated to voyage income		(457)	(524)	67
<b>Net Regular Donations</b>		<b>378</b>	<b>100</b>	<b>278</b>
<b>Operating deficit after Net Regular Donations</b>		<b>(89)</b>	<b>(732)</b>	<b>643</b>
<b>Fundraising - Special Appeals:</b>				
Development Appeal / Loan waivers etc,		-	681	(681)
Capital appeal		279	285	(6)
<b>Total Special Appeals</b>		<b>279</b>	<b>966</b>	<b>(687)</b>
<b>NET GAIN (before fleet depreciation &amp; transfers)</b>		<b>190</b>	<b>234</b>	<b>(44)</b>
Fleet Depreciation		(142)	(228)	86
Transfer from Endowment Funds		-	763	(763)
<b>NET GAIN</b>	<b>6</b>	<b>48</b>	<b>769</b>	<b>(721)</b>

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Notes to the Financial Comparisons

#### 1. Number of voyagers

We entered the year knowing that the loss of the Stavros would make it impossible to deliver the same number of voyages compared to previous years. However, through improved vessel utilisation and occupancy, we were able to sustain the number of disadvantaged young people that we supported.

#### 2. Operating Income

Voyage income fell by 29% due to the loss of the Stavros. This was better than expected given that our berth capacity fell commensurately by 42%. Direct fleet costs reduced by £904k, demonstrating how costly the Stavros was to operate and maintain. As a result, our net operating surplus improved by £469k, showing improved operational efficiency.

#### 3. Overheads

Overheads have increased as we have recruited a fundraiser to help grow our individual giving and membership, and we have invested in much needed improvements to our branding, marketing and website. Costs continue to be tightly controlled and our current staff levels of 14 is considered low.

#### 4. Operating deficit before fundraising

Operating deficit before fundraising has improved significantly by £365k.

#### 5. Fundraising

Our individual and regular giving has improved by 11%; up to 34% including legacies. Net regular donations (after bursary transfers to voyage income) increased by £278k, bringing the operating deficit down to just £89k and overall, £643k better than 2018.

#### 6. Net Gain

Note that for 2017-18, this figure excludes the loss, including the impairment value, on sale of the brig.

### Future Financial Prospects and Reserves Policy

The Trust has progressed well following the disposal of the brig, Both cash from operating activities and net income were positive for the year to February 2019

We have refreshed our brand, updated our website and have improved our public profile and awareness of the Trust. We have also re-opened our membership and are developing plans to increase our engagement with our supporters and volunteers.

These initiatives together with a better financial situation following the disposal of the brig will help us develop the Trust. We recognise that we are still dependent upon the continued success of our fundraising efforts.

In the medium term, we are aiming to grow our regular fundraised income by £100k year on year, and over time to write down our existing loans. If the New Flagship Appeal is successful at raising at least £5m, then we will be able to write off all our debts, re-establish a bursary fund for young people, and buy a smaller, more cost-effective, Tall Ship. The New Flagship Appeal Board that has come together is very strong, high profile, and determined.

The Trustees' long-term objective is to build the Trust's reserves to protect our charitable mission against unexpected events. The Trustees have therefore set a medium-term goal of building available liquid assets of unrestricted funds to meet any potential gap between income and expenditure.

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Tall Ships Youth Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- 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 charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as each of the Trustees is aware: -

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

Moore Stephens (South) LLP have expressed their willingness to continue in office, and a resolution for their reappointment for the next financial year will be put to the Annual General Meeting.

ON BEHALF OF THE TRUSTEES



Jock Lennox  
Chairman of the Board of Trustees

Dated: 21 June 2019

# TALL SHIPS YOUTH TRUST

## REPORT OF THE INDEPENDENT AUDITOR (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### Opinion

We have audited the financial statements of Tall Ships Youth Trust (the 'charitable company') for the year ended 28 February 2019 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheet, the Group Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 28 February 2019 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, including the incorporated Strategic Report for the financial period for which the accounts are prepared, is consistent with the financial statements; and
- the Trustees' Report, including the incorporated Strategic Report, have been prepared in accordance with applicable legal requirements.



# TALL SHIPS YOUTH TRUST

## REPORT OF THE INDEPENDENT AUDITOR (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated Strategic Report.

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 by the parent charity, 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

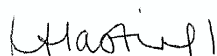
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IASs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with IASs(UK), the auditor exercises professional judgement and maintains professional scepticism throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mrs Louise Hastings  
Senior Statutory Auditor  
for and on behalf of Moore Stephens (South) LLP  
Statutory Auditor, Chartered Accountants

Dated 21 June 2019

9 St Johns Place  
Newport  
Isle of Wight  
PO30 1LH

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# TALL SHIPS YOUTH TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 28 FEBRUARY 2019

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds Year to 28/2/2019	Total Funds 6 Months to 28/2/2018
	<u>Note</u>	2019 £	2019 £	2019 £	2019 £	2018 £
<b>Income and Endowments from:</b>						
Donations and legacies	2	772,520	335,232	-	1,107,752	767,269
Other trading activities	3	12,460	-	-	12,460	10,300
Investments		493	1,895	-	2,388	1,957
Charitable activities	4	<u>1,079,832</u>	<u>-</u>	<u>-</u>	<u>1,079,832</u>	<u>537,691</u>
<b>Total income</b>		<u>1,865,305</u>	<u>337,127</u>	<u>-</u>	<u>2,202,432</u>	<u>1,317,217</u>
<b>Expenditure on:</b>						
Raising funds		314,962	-	-	314,962	128,213
Other trading activities		16,288	-	-	16,288	7,414
Charitable activities		<u>1,499,687</u>	<u>323,943</u>	<u>-</u>	<u>1,823,630</u>	<u>1,015,307</u>
<b>Total expenditure</b>	7	<u>1,830,937</u>	<u>323,943</u>	<u>-</u>	<u>2,154,880</u>	<u>1,150,934</u>
<b>Net movement in funds</b>		34,368	13,184	-	47,552	166,283
Fund balances brought forward At 1 March 2018		<u>(362,077)</u>	<u>605,495</u>	<u>51,132</u>	<u>294,550</u>	<u>128,267</u>
<b>Fund balances carried forward At 28 February 2019</b>		<u>(327,709)</u> =====	<u>618,679</u> =====	<u>51,132</u> =====	<u>342,102</u> =====	<u>294,550</u> =====

The accompanying accounting policies and notes form an integral part of these financial statements.

All operations of the Trust and its subsidiaries are classed as continuing.

# TALL SHIPS YOUTH TRUST

## CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2019

	<b>Total Funds Year to 28/2/2019 £</b>	<b>Total Funds 6 Months to 28/2/2018 £</b>
<b>Income</b>		
Income	2,200,044	1,315,260
Interest and investment income	<u>2,388</u>	<u>1,957</u>
<b>Total income</b>	<u>2,202,432</u>	<u>1,317,217</u>
<b>Expenditure</b>		
Expenditure	2,008,256	1,079,867
Depreciation	<u>146,624</u>	<u>71,067</u>
<b>Total expenditure</b>	2,154,880	(1,150,934)
Gain/loss on revaluation	<u>-</u>	<u>-</u>
Net income / (expenditure) for the period	<u>47,552</u> =====	<u>166,283</u> =====

The consolidated summary Income and Expenditure account is derived from the Consolidated Statement of Financial Activities on page 17 and excludes all income and expenditure on the endowment funds. The statement of financial activities together with the notes on pages 25 to 34 provides full information on the movements during the period on all the funds of the Charity.

# TALL SHIPS YOUTH TRUST

## BALANCE SHEETS AS AT 28 FEBRUARY 2019

	<u>Note</u>	<b>Consolidated</b>		<b>Tall Ships Youth Trust</b>	
		<b>28/2/2019</b>	<b>28/2/2018</b>	<b>Funds 28/2/2019</b>	<b>Funds 28/2/2018</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	13	1,610,429	1,757,053	1,610,429	1,757,053
<b>Current assets</b>					
Stocks		10,478	11,444	250	250
Debtors	14	90,030	66,854	86,637	35,198
Investments	15	5,081	4,835	5,081	4,835
Cash at bank and in hand		<u>159,638</u>	<u>76,549</u>	<u>131,890</u>	<u>68,324</u>
		265,227	159,682	223,858	108,607
<b>Creditors: amounts falling due within one year</b>	16	<u>(545,058)</u>	<u>(565,260)</u>	<u>(400,814)</u>	<u>(442,127)</u>
<b>Net current assets/(liabilities)</b>		<u>(279,831)</u>	<u>(405,578)</u>	<u>(176,956)</u>	<u>(333,520)</u>
<b>Total assets less current liabilities</b>		1,330,598	1,351,475	1,433,443	1,423,533
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(988,496)</u>	<u>(1,056,925)</u>	<u>(765,500)</u>	<u>(782,500)</u>
		<u>342,102</u>	<u>294,550</u>	<u>667,973</u>	<u>641,033</u>
<b>Capital funds</b>					
Endowment funds	18	51,132	51,132	51,132	51,132
<b>Income funds</b>					
Restricted funds	19	618,679	605,495	618,679	605,495
Revaluation reserve	20	630,447	636,397	630,447	636,397
Other unrestricted funds	20	<u>(958,156)</u>	<u>(998,474)</u>	<u>(632,285)</u>	<u>(651,991)</u>
		<u>342,102</u>	<u>294,550</u>	<u>667,973</u>	<u>641,033</u>

The financial statements were approved by the Trustees on 21 June 2019

*Jock Lennox*

Jock Lennox  
Chairman of the Board

Philip McDanell  
Chairman of Finance

Charity Number: 314229 Company Number: 00567460

The accompanying accounting policies and notes form an integral part of these financial statements.

# TALL SHIPS YOUTH TRUST

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 28 FEBRUARY 2019

	Year Ended 28/2/2019 Group £	6 Months ended 28/2/2018 Group £
<b>Cashflow from operating activities</b>		
Net cashflow from operations	See Below	
	<u>121,448</u>	<u>(182,375)</u>
<b>Total cashflow from operating activities</b>	<u>121,448</u>	<u>(182,375)</u>
<b>Cashflow from investing activities</b>		
Interest received	2,388	1,957
Payments to acquire fixed assets	-	(1,103)
Proceeds from the sale of assets	<u>-</u>	<u>350,000</u>
<b>Total cashflow on Investing activities</b>	<u>2,388</u>	<u>350,854</u>
<b>Cash from financing activities</b>		
Repayments of borrowing	(40,747)	(195,280)
Cash inflows from new borrowing	-	-
Interest paid	-	-
Net cash provided by (used in) financing activities	<u>(40,747)</u>	<u>(195,280)</u>
<b>Net (decrease) in cash and cash equivalents</b>	83,089	(26,801)
Cash and cash equivalents at 1 March 2018	<u>76,549</u>	<u>103,350</u>
Cash and cash equivalents at 28 February 2019	<u>159,638</u>	<u>76,549</u>
	=====	=====
<b>Cash and cash equivalents consist of:</b>		
Cash at bank and in hand	<u>159,638</u>	<u>76,549</u>
Cash and cash equivalent at 28 February 2019	<u>159,638</u>	<u>76,549</u>
	=====	=====
<b>Reconciliation of income to net cashflow from operations:</b>		
	<b>Year Ended 28/2/2019 £</b>	<b>6 Months Ended 28/2/2018 As Restated £</b>
Net income resources	47,552	166,283
Depreciation charges	146,624	73,401
Investment income	(2,388)	(1,957)
Change in value of investments	(246)	(230)
(Increase)/decrease in stocks	966	1,192
(Increase)/decrease in debtors	(23,176)	46,092
Increase/(decrease) in creditors	<u>(47,884)</u>	<u>(467,156)</u>
<b>Net cash outflow from operations</b>	<u>121,448</u>	<u>(182,375)</u>
	=====	=====

# TALL SHIPS YOUTH TRUST

## PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2019

### ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

#### **General Information and Basis of Accounting**

Tall Ships Youth Trust is a charitable company limited by guarantee, registered in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office, together with the objects of the Charity are given in the charity information on pages 1 and 4 respectively of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102), the Charities Act 2011, Companies Act 2006, and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The accounts have been prepared for the full year to 28 February 2019. The comparative figures are for the six month period to 28 February 2018 following previous change in accounting reference date, and therefore they are not entirely comparable.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

#### **Going Concern**

The financial statements have been prepared on a going concern basis. While the financial position of the Trust has improved significantly following the sale of the Stavros, the Trust is dependent upon the continued success of our fundraising efforts. As in previous years, the Trustees have had regard to these various fundraising initiatives and the availability of finance in their consideration of the going concern assumption.

After making enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

#### **Basis of Consolidation**

The group financial statements consolidate those of the charity and of its subsidiary undertaking has drawn up on 28 February 2019. The results of the charity's trading subsidiary, Tall Ships Limited, have been consolidated on a line by line basis. Surpluses or deficits on intra-group transactions are eliminated in full.

A separate statement of financial activities and income and expenditure account for the charity itself are not presented because the charity was taken advantage of the exemptions afforded by the Companies Act 2006.

#### **Comparative Information**

The comparative figures for other debtors and payments received on account have been amended to reflect the change in the way the Trust accounts for bursary costs relating to future voyages. This amendment has had no effect on the statement of financial activities.

# TALL SHIPS YOUTH TRUST

## PRINCIPAL ACCOUNTING POLICIES (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### FUND ACCOUNTING

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity, and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity. Expendable Endowments permit the Charity to spend the capital sum on suitable capital projects with the permission of the donor. Income arising on the endowment funds can be used in accordance with the objects of the charity and is transferred to the general funds. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the relevant fund. The purpose and use of each expendable endowment fund is set out in the notes to the financial statements.

### INCOME RECOGNITION POLICIES

#### Donations and Gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure or performance expenditure, in which case recognition is deferred until the pre-condition has been met.

Legacies are recognised as receivable once probate has been granted. Notification has been received and sufficient information is available to make a realistic assessment of the value.

Intangible income is valued and included in income to the extent that it represents goods or services which would otherwise be purchased. An equivalent amount is charged as expenditure. Voluntary help is not included as income.

Life subscriptions are counted in full when received. Annual membership fees are recognised over the period to which they relate.

Donations and any associated income tax recoveries when donated under gift aid are credited as income when the amounts are received.

#### Activities for Generating Funds

Revenue from activities such as special fundraising events is recognised in the period in which the activity or event occurs.

#### Investment income

Investment income is recognised when receivable.

#### Incoming Resources from Charitable Activities

Revenue from voyage fees is recognised in the period in which the voyage commences.

#### Grants Receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are initially credited to restricted incoming resources when receivable. On completion of the purchase or construction of the fixed asset towards which the grant was receivable, the amount of grant is transferred from restricted to unrestricted resources.



# TALL SHIPS YOUTH TRUST

## PRINCIPAL ACCOUNTING POLICIES (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes details of the costs in relation to fundraising events, following up donations, and seeking voluntary contributions and donations from supporters, and available sources;
- Expenditure on charitable activities includes the costs of the charity's work with young people, sailing trips and other residential activities including all planning activities, maintenance of the Charity's assets, preparation and follow up; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

### Allocation of Support Costs

Support costs are those that assist the work of the charity, but do not directly represent charitable activities and include office costs, governance costs, administrative and payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at the Charity's main base in Portsmouth. Where support costs cannot be directly attributed to particular headings, they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises and other overheads have been allocated on a basis relating to use and the proportion of staff time incurred on those matters.

The analysis of these costs is included in note 8.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation, net of depreciation. Depreciation is calculated on all tangible fixed assets to write down the cost or valuation less estimated residual value by annual instalments over their expected useful lives. The periods generally applicable are: -

Yachts	5-20 years
Computers and Office Equipment	5 years
Display and Exhibition Equipment	3 years

### FOREIGN CURRENCIES

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

### INVESTMENTS

Assets held for investment purposes are included at market value.

Traded securities are valued at the mid-point quotation in the Stock Exchange Daily List. Other investment assets are included at the Trustees' best estimate of market value. Donated shares that come with a requirement that they be held for a fixed period are included in the Balance Sheet at a value assessed by the Trustees at the date of receipt. This value is then reviewed by the Trustees at each balance sheet date.

# TALL SHIPS YOUTH TRUST

## PRINCIPAL ACCOUNTING POLICIES (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### STOCKS

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition.

Provision is made for damaged, obsolete and slow-moving stock where appropriate.

### DEBTORS

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

### CREDITORS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### RETIREMENT BENEFITS

#### Defined Contribution Scheme

The pension costs charged in the period represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### Defined Benefit Scheme

Some former employees of the Trust's active subsidiary, Tall Ships Limited, were members of a multi-employer scheme. Tall Ships Limited is unable to identify its share of the underlying assets and liabilities of this scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for it as if it were a defined contribution scheme.

### LEASED ASSETS

#### Operating lease agreements

Rentals payable and receivable under operating leases are charged to the SOFA on a straight-line basis over the period of the lease.

### TAXATION

No corporation tax has been provided in these accounts because the income of the charity is within the exemption granted by HM Revenue & Customs to the extent that these funds are applied to Charitable objects.

### FINANCIAL ASSETS AND LIABILITIES

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

### 1. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 6 Months to 28/2/2018 £	Restricted Funds 6 Months to 28/2/2018 £	Endowment Funds 6 Months to 28/2/2018 £	Total Funds 6 Months to 28/2/2018 £
<b>Income and Endowments from:</b>				
Donations and legacies	581,060	186,209	-	767,269
Other trading activities:	10,300	-	-	10,300
Investments	81	1,876	-	1,957
Charitable activities	<u>537,691</u>	<u>-</u>	<u>-</u>	<u>537,691</u>
<b>Total income</b>	<u>1,129,132</u>	<u>188,085</u>	<u>-</u>	<u>1,317,217</u>
<b>Expenditure on:</b>				
Raising funds	128,213	-	-	128,213
Other trading activities	7,414	-	-	7,414
Charitable activities	<u>899,340</u>	<u>115,967</u>	<u>-</u>	<u>1,015,307</u>
<b>Total expenditure</b>	<u>1,034,967</u>	<u>115,967</u>	<u>-</u>	<u>1,150,934</u>
Gains/(losses) on revaluation of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>	94,165	72,118	-	166,283
Transfer between funds	250,000	(250,000)	-	-
Fund balances brought forward at 1 September 2017	<u>(706,242)</u>	<u>783,377</u>	<u>51,132</u>	<u>128,267</u>
<b>Fund balances carried forward At 28 February 2018</b>	<u>(362,077)</u> =====	<u>605,495</u> =====	<u>51,132</u> =====	<u>294,550</u> =====

### 2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Year to 28/2/2019 £	6 Months to 28/2/2018 £
Donations	569,748	335,232	904,980	708,030
Legacies	143,616	-	143,616	1,137
Membership	<u>59,156</u>	<u>-</u>	<u>59,156</u>	<u>58,102</u>
	<u>772,520</u> =====	<u>335,232</u> =====	<u>1,107,752</u> =====	<u>767,269</u> =====

### 3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	Year to 28/2/2019 £	6 Months to 28/2/2018 £
Fundraising events	12,460	-	12,460	10,300
	<u>12,460</u> =====	<u>-</u> =====	<u>12,460</u> =====	<u>10,300</u> =====

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

<b>4. INCOME FROM CHARITABLE ACTIVITIES</b>	<b>Year to 28/2/2019 £</b>	<b>6 Months to 28/2/2018 £</b>
Generated from Ship Operations	1,044,392	517,678
Grants (receivable from Associations of Sea Training Organisations for Youth Work)	<u>35,440</u>	<u>20,013</u>
	1,079,832	537,691
	=====	=====

## 5. NET INCOME FROM ACTIVITIES OF SUBSIDIARIES

The Charity's only active subsidiary is Tall Ships Limited. A summary of its results for the period is set out below:-

	<b>Year to 28/2/2019 £</b>	<b>6 Months to 28/2/2018 £</b>
Turnover	1,079,832	537,691
Operating costs	<u>(1,059,220)</u>	<u>(673,115)</u>
Operating Profit/(loss)	<u>20,612</u>	<u>(135,424)</u>
Net profit/(loss)	<u>20,612</u>	<u>(135,424)</u>
	=====	=====

The net assets and liabilities of the active subsidiary are:

	<b>28/2/2019 £</b>	<b>28/2/2018 £</b>
Current assets	60,845	51,075
Creditors: amounts falling due within one year	<u>(1,128,768)</u>	<u>(1,139,610)</u>
Total net liabilities	<u>(1,067,923)</u>	<u>(1,088,535)</u>
Aggregate of share capital and reserves	<u>(1,067,923)</u>	<u>(1,088,535)</u>
	=====	=====

## 6. BRANCHES

The financial results of the branches of Tall Ships Youth Trust are consolidated into these accounts on the basis of returns as at the year-end submitted by each branch. Branches raised £2,877 as donations in the year to 28 February 2019 (2018: £15,605), which is classified as unrestricted income in the accounts.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 7. ANALYSIS OF EXPENDITURE

	Direct costs £	Support costs £	Year to 28/2/2019 £	6 Months to 28/2/2018 £
<b>Cost of raising funds:</b>				
Fundraising costs	269,883	43,080	312,963	127,438
Allocation of governance costs (see below)	-	1,999	1,999	775
	<u>269,883</u>	<u>45,079</u>	<u>314,962</u>	<u>128,213</u>
Costs of other trading activities				
Charitable activities	16,046	242	16,288	7,414
	=====	====	=====	=====
<b>Charitable activities</b>				
Ship related costs	772,842	-	772,842	559,191
Depreciation	146,624	-	146,624	71,067
Loss on disposal of tangible fixed asset	-	-	-	5,933
Bursaries and grants paid from restricted funds	456,932	-	456,932	199,773
Allocation of governance costs (see below)	26,580	-	26,580	12,505
Interest payable and similar finance charges	1,895	-	1,895	14,595
Other voyage and support expenses	<u>343,072</u>	<u>75,685</u>	<u>418,757</u>	<u>152,243</u>
	<u>1,747,945</u>	<u>75,685</u>	<u>1,823,630</u>	<u>1,015,307</u>
	=====	=====	=====	=====
Restricted funds			323,943	
Unrestricted funds			<u>1,499,687</u>	
			1,823,630	
			=====	

### 8. SUPPORT AND GOVERNANCE COSTS

	£		Governance £	Charitable Activities £	Trading Activities £	Fundraising Activities £
Payroll and HR	965	Total resources	32	243	4	686
Property costs	20,120	Total resources	663	5,069	80	14,308
Office costs	14,240	Total resources	322	6,946	39	6,933
IT and Website	13,489	Total resources	445	3,398	54	9,592
Marketing	60,009	Direct activities	135	56,960	16	2,898
Other	<u>12,183</u>	Total resources	<u>402</u>	<u>3,069</u>	<u>49</u>	<u>8,663</u>
	121,006		1,999	75,685	242	43,080
	=====		=====	=====	=====	=====

### Governance costs (included above)

	Support £	Charitable £	Year to 28/2/2019 £	6 Months to 28/2/2018 £
Auditors remuneration	-	26,580	26,580	12,505
Administrative expenses	<u>1,999</u>	-	<u>1,999</u>	<u>775</u>
	<u>1,999</u>	<u>26,580</u>	<u>28,579</u>	<u>13,280</u>
	=====	=====	=====	=====

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 9. OTHER COSTS

	Year to 28/2/2019 £	6 Months to 28/2/2018 £
The deficit is stated after charging:		
Auditors remuneration		
Audit services	16,550	16,850
Non-audit services	<u>10,030</u>	<u>650</u>
	26,580	17,500
Depreciation	146,624	73,401
Operating lease rentals	18,808	38,048

### 10. EMPLOYEES

Employee costs during the period were as follows:

	Year to 28/2/2019 £	6 Months to 28/2/2018 £
Wages and salaries	537,931	247,075
Social security costs	48,240	26,872
Other pension costs	<u>21,672</u>	<u>7,155</u>
	607,843	281,102
	=====	=====

The average number of employees during the period were as follows:

	Year to 28/2/2019 Number	6 Months to 28/2/2018 Number
Management and administration	14	12
	==	==

The total costs attributable to senior management personnel amounted to £207,260 for the year to 28 February 2019 (6 months to 28 February 2018: £98,164). Senior management personnel comprise the Chief Executive Officer and Finance Director. The emoluments of higher paid employees fell within the following ranges:

	Year to 28/2/2019 Number	6 Months to 28/2/2018 Number
£60,001 to £80,000	1	-
£100,001 to £120,000	1	-
	==	==

### 11. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee received remuneration in the period, directly or indirectly, from either the charity or an institution or company controlled by the charity.

Expense reimbursements for travel and subsistence were not paid to Trustees during the year (2018: £nil) and there were no expenses paid on behalf of a trustee.

Trustee indemnity insurance paid on behalf of Trustees and officers in the year was £1,148 (2018: £979)

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 12. SURPLUS/(DEFICIT) OF EXPENDITURE OVER INCOME

The consolidated Statement of Financial Activities includes the results of the Charity's wholly owned subsidiary – Tall Ships Limited, which operates voyages. Details of the results of the trading subsidiary are set out in note 5. The summary financial performance of the Charity alone was:

	<b>Year to 28/2/2019</b>	<b>6 Months to 28/2/2018</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Income from donations and legacies	1,107,752	767,269
Other trading activities	12,460	10,300
Investment income	<u>2,388</u>	<u>1,957</u>
Total income	1,122,600	779,526
<b>Expenditure</b>		
Raising funds	(312,964)	(128,213)
Other trading activities	(18,287)	(7,414)
Other expenditure – costs of sale	-	(5,933)
Charitable activities	<u>(764,409)</u>	<u>(336,258)</u>
Total expenditure	(1,095,660)	(477,818)
(Losses) on impairments of assets	-	(143,996)
<b>Net income for the year</b>	26,940	157,712
Total funds brought forward on 28 February 2018	<u>641,033</u>	<u>483,321</u>
Total funds carried forward at 28 February 2019	667,973 =====	641,033 =====

### 13. TANGIBLE FIXED ASSETS

#### Consolidated and Tall Ships Youth Trust

	<b>Yachts</b>	<b>Computers, Fixtures &amp; Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cost or valuation:			
At 1 March 2018	<u>2,131,999</u>	<u>71,179</u>	<u>2,203,178</u>
At 28 February 2019	2,131,999 =====	71,179 =====	2,203,178 =====
Depreciation:			
At 1 March 2018	384,688	61,437	446,125
Provided in the period	<u>142,133</u>	<u>4,491</u>	<u>146,624</u>
At 28 February 2019	526,821 =====	65,928 =====	592,749 =====
Net book amount at 28 February 2019	1,605,178 =====	5,251 =====	1,610,429 =====
Net book amount at 28 February 2018	1,747,311 =====	9,742 =====	1,757,053 =====

The Yachts are given as security against a number of loans included in creditors. The net book value of yachts given as security was £1,543,312 (2018: £1,679,717).

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 13. FIXED ASSETS (continued)

The figures stated above for cost or valuation in respect of Yachts comprise assets at:

	£
Cost	1,370,807
Valuation – independently valued in 2016	<u>761,192</u>
	2,131,999
	=====

If certain fixed assets had not been re-valued, they would have been included on the historical cost basis at the following amounts:

	<b>Yachts</b> £
Cost	1,370,807
Accumulated depreciation	<u>(938,612)</u>
Net book amount at 28 February 2019	432,195
	=====

### 14. DEBTORS

	<b>Consolidated</b>		<b>Tall Ships Youth Trust</b>	
	<b>28/2/2019</b>	<b>28/2/2018</b>	<b>28/2/2019</b>	<b>28/2/2018</b>
	£	£	£	£
Amounts owed by group undertakings	-	-	19,476	-
VAT recoverable	12,769	16,599	5,390	3,053
Other debtors	52,288	25,690	43,030	20,027
Prepayments	<u>24,973</u>	<u>24,565</u>	<u>18,741</u>	<u>12,118</u>
	90,030	66,854	86,637	35,198
	=====	=====	=====	=====

### 15. CURRENT ASSET INVESTMENTS

	<b>Consolidated</b>		<b>Tall Ships Youth Trust</b>	
	<b>28/2/2019</b>	<b>28/2/2018</b>	<b>28/2/2019</b>	<b>28/2/2018</b>
	£	£	£	£
UK investments – COIF Funds	<u>5,081</u>	<u>4,835</u>	<u>5,081</u>	<u>4,835</u>
	5,081	4,835	5,081	4,835
	=====	=====	=====	=====

Unlisted investments have been invested in COIF units, held in the name of a supporter's branch, and are at market value.



# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Tall Ships Youth Trust	
	28/2/2019	28/2/2018	28/2/2019	28/2/2018
	£	£	£	£
Loans from Trustees and funders	117,000	255,408	117,000	255,408
Payments received on account	214,701	123,796	214,701	123,796
Trade creditors	63,023	43,845	11,542	5,613
Social Security and other taxes	19,107	16,075	16,617	16,075
Deferred income	17,674	17,673	17,674	17,673
Other creditors and accruals	<u>113,553</u>	<u>108,463</u>	<u>23,280</u>	<u>23,562</u>
	545,058	565,260	400,814	442,127
	=====	=====	=====	=====

Loans from Trustees and funders are secured by fixed charges over the Trust's vessels (see note 13).

Deferred income relates to the proportion of membership income relating to the future period.

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		Tall Ships Youth Trust	
	28/2/2019	28/2/2018	28/2/2019	28/2/2018
	£	£	£	£
Loans from Trustees and funders	765,500	782,500	765,500	782,500
Other Creditors and accruals	222,996	274,425	-	-
	-----	-----	-----	-----
	988,496	1,056,925	765,500	782,500
	=====	=====	=====	=====

Loans from Trustees and funders are secured by fixed charges over the Trust's vessels (see note 13).

Included within other creditors is the pension deficit owed by Tall Ships Limited (see note 22).

### 18. ENDOWMENT FUNDS

	Michael Crocker	Nova Scotia	Lord Burnham	Total
	£	£	£	£
At 1 March 2018	<u>13,277</u>	<u>12,952</u>	<u>24,903</u>	<u>51,132</u>
At 28 February 2019	<u>13,277</u>	<u>12,952</u>	<u>24,903</u>	<u>51,132</u>
	=====	=====	=====	=====

The Michael Crocker fund was set up in memory of a yachtsman murdered in February 1982. The income is for contributions to voyage fees for pupils of Henley College. The Nova Scotia fund was set up in memory of trainees who died on the sailing ship "Marques" which sank off Bermuda during the 1984 American Tall Ships race. The income is shared with the American Sail Training Association and is to support a voyage berth. The Lord Burnham fund was set up in his memory following his death in June 1993. Income is for contributions to Voyage fees aboard the Trust's ships for trainees ideally, but not exclusively, from Eastern Europe.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 19. RESTRICTED FUNDS

	Balance at 1/3/2018 £	Income £	Expenditure £	Balance at 28/2/2019 £
International fund	189,456	1,895	-	191,351
Other specific funds	<u>416,039</u>	<u>335,232</u>	<u>(323,943)</u>	<u>427,328</u>
Total restricted funds	<u>605,495</u> =====	<u>337,127</u> =====	<u>(323,943)</u> =====	<u>618,679</u> =====

The Specific Funds are donations made to the Trust to be used for specified purposes. At 28 February 2019 there were 246 separate funds (2018: 236). The Trust is reviewing the ongoing obligations of restricted funds.

The International Fund is restricted within the accounts of the Trust for the support of international sail training activities.

### 20. UNRESTRICTED FUNDS

#### Consolidated

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2018	(998,474)	636,397	(362,077)
Incoming resources	1,865,305	-	1,865,305
Outgoing resources	(1,830,937)	-	(1,830,937)
Transfer between funds	<u>5,950</u>	<u>(5,950)</u>	<u>-</u>
At 28 February 2019	<u>(958,156)</u> =====	<u>630,447</u> =====	<u>(327,709)</u> =====

#### Tall Ships Youth Trust

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2018	(651,991)	636,397	(15,594)
Incoming resources	785,473	-	785,473
Outgoing resources	(771,717)	-	(771,717)
Transfer between funds	<u>5,950</u>	<u>(5,950)</u>	<u>-</u>
At 28 February 2019	<u>(632,285)</u> =====	<u>630,447</u> =====	<u>(1,838)</u> =====

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
<b>Consolidated at 28 February 2019</b>				
Tangible fixed assets	1,610,429	-	-	1,610,429
Current assets	(404,584)	618,679	51,132	265,227
Current liabilities	(768,054)	-	-	(768,054)
Creditors: due after more than one year	(765,500)	-	-	(765,500)
	(327,709)	618,679	51,132	342,102
	=====	=====	=====	=====
<b>Tall Ships Youth Trust at 28 February 2019</b>				
Tangible fixed assets	1,610,429	-	-	1,610,429
Current assets	(445,953)	618,679	51,132	223,858
Current liabilities	(400,814)	-	-	(400,814)
Creditors: due after more than one year	(765,500)	-	-	(765,500)
	(1,838)	618,679	51,132	667,973
	=====	=====	=====	=====
<b>Period to 28 February 2018 comparative period</b>				
	£	£	£	£
<b>Consolidated at 28 February 2018</b>				
Tangible fixed assets	1,757,053	-	-	1,757,053
Current assets	(496,945)	605,495	51,132	159,682
Current liabilities	(839,685)	-	-	(839,685)
Creditors: due after more than one year	(782,500)	-	-	(782,500)
	(362,077)	605,495	51,132	294,550
	=====	=====	=====	=====
<b>Tall Ships Youth Trust at 28 February 2018</b>				
Tangible fixed assets	1,757,053	-	-	1,757,053
Current assets	(548,020)	605,495	51,132	108,607
Current liabilities	(442,127)	-	-	(442,127)
Creditors: due after more than one year	(782,500)	-	-	(782,500)
	(15,594)	605,495	51,132	641,033
	=====	=====	=====	=====

Monies given for specific or restricted purposes will only be used as such.

### 22. PENSIONS

#### Defined contribution scheme

The group makes contributions towards individual pension schemes for the benefit of employees. The assets of these schemes are administered by Trustees in funds independent from those of the Tall Ships Youth Trust and its subsidiary companies. Contributions made during the period are disclosed in note 10.

#### Defined benefit scheme

A number of former employees of the Trust's subsidiary Tall Ships Limited ("TSL") have belonged to an industry wide pension scheme. The Trustees of the scheme have advised TSL that part of the scheme is in deficit and it is apportioning the deficit between participating employers. Interest is accruing on the residual of the 2009 and 2012 pension scheme deficits and a payment plan is in operation. At the period end the balance outstanding was £302,996, (2018 - £326,913).

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 23. LEASING COMMITMENTS

At the reporting date, the Trust had the following minimum future lease commitments:

	28/2/2019		28/2/2018	
	Land & Buildings £	Other £	Land & buildings £	Other £
Within one year	25,000	18,606	25,000	13,579
Between two and five years	50,000	18,800	75,000	23,270
In over five years	—	—	—	—
	75,000	37,406	100,000	36,849
	=====	=====	=====	=====

### 24. RELATED PARTY TRANSACTIONS

During the period C Lennox, who is the son of J Lennox, the chairman of the charity received remuneration of £27,000 (2018: £15,702). The Trustees are of the view that this is at market rate for the job performed.

#### Loans

Included within the figures in notes 16 and 17 is £172,500 (2018: £242,500) from Trustees and related parties.

Name	As at 28/2/2019 £	As at 28/2/2018 £
M Aiken (deceased)	150,000	200,000
P McDanell	-	20,000
R Evans	12,500	12,500
S Hartigan	10,000	10,000
	172,500	242,500
	=====	=====

The following Trustees made donations to the charity during the year:

	£
M Aiken (via loan waiver)	50,000
J Lennox	29,000
D Melly	5,000
M Wippell	5,000

### 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Group balances	28/2/2019 £	28/2/2018 £
Financial assets at amortised Cost	229,769	203,727
Financial liabilities at amortised cost	(1,301,179)	(1,480,716)
Net financial liabilities	(1,071,410)	(1,276,989)
	=====	=====

The Charity's financial assets comprise investments and cash and bank balances. Financial liabilities include trade creditors, loans, accruals and other creditors.

# **Tall Ships Youth Trust**

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