

REGISTERED IN ENGLAND AND WALES NUMBER: 00567460

CHARITY NUMBER: 314229



REPORT AND ACCOUNTS

FOR THE YEAR ENDED

29 FEBRUARY 2020

TALL SHIPS YOUTH TRUST

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FOR THE YEAR ENDED 29 FEBRUARY 2020

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TALL SHIPS YOUTH TRUST

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 29 FEBRUARY 2020

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

Charity Number 314229

Company Number 00567460

Principal Office 2A The Hard, Portsmouth, PO1 3PT

Vice-Patrons 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 J Lennox (Appointed 24 Jul 2019)
Mr O Michaelson
Mr D Tydeman
Mr T Vokos
Mrs C Williams

Trustees Mr M P Aiken MBE (Deceased 24 March 2019)
Mr D.Aisher, Chairman (Appointed by AGM 2 December 2019)
Mr N Andrews
Mrs E Bradshaw (To be ratified at the 2020 AGM)
Mr M Broughton (Resigned 4 March 2019)
Mr P D'Ornano
Mr S Edwards
Mr R Evans (Resigned 10 October 2020)
Surg. Lt. Cdr. C Griffiths RN (Resigned 4 March 2019)
Mr S Hartigan (Resigned 1 September 2019)
Mr N Jones
Mr J Lennox (Resigned 2 December 2019)
Mr P McDanell
Rear Admiral R Melly
Miss K Nazarin
Mr M Wippell

Chief Executive Rear Admiral Richard Leaman-Grey CB OBE

Company Secretary Mr P. Taylor

Auditors Moore (South) LLP
9 St John's Place
Newport
Isle of Wight
PO30 1LH

Bankers 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 29 FEBRUARY 2020

Chairman's Introduction

I am pleased to report that the year to February 2020 saw further progress in all areas of our work.

- We took as many young people to sea last year as we did when we were operating a fleet which included a 48-berth Brig. This was a direct result of greater vessel utilisation and higher occupancy rates.
- We were able to positively affect 999 young lives - an increase of 17% over the previous year
- Whilst the diversity of our young voyagers remained as wide as ever - both in terms of their significant social challenges and geography. I am delighted that 97% of them have gone on into Education, Employment or Training.
- We are reporting a financial surplus for the second year running after 17 successive years of deficits.

We have become closer to Government decision-makers and aspire to be a 'provider of choice' when they disperse their Youth Development funds. We are working hard to become an influential voice within our community, seeking to help change the political and economic landscape for the hundreds of thousands of disadvantaged and vulnerable young people in our nation. Our vital work is increasingly important right now, as they try to fight their way through the current pandemic. We have applied considerable effort to raising the national awareness of the charity and the incredible work we do. Pro-bono support from EY (Ernst & Young) and Ogilvy to date has been vital in this regard and we anticipate a stronger digital media presence.

During the year, we said farewell to our Chairman Jock Lennox and trustees Stephen Hartigan, Mike Broughton, Robert Evans and Lt Cdr Charlotte Griffiths RN. I pay tribute to them all for the strong leadership and support. I would also like to thank my fellow trustees and our Vice Patrons, supporters, volunteers and our loyal staff whose support has been outstanding. I must also express my sincere thanks to our many donors, who have expressed their belief in what we do by continuing to give so generously.

Covid-19 is wreaking unforeseen economic, health and social damage - particularly on our beneficiaries. It has also, for now, caused the temporary cessation of our residential voyages and it is, as yet, unclear when we will be able to restart. As a result, we have taken decisive and prudent measures to reduce our cost base and worked hard to secure sufficient funds to sustain the charity to ensure we are ready to operate as soon as appropriate.

Looking further ahead, it is not clear how the pandemic will unfold and what it might mean in the long term for the charity. What we can be sure of is that the demand for our work will be even greater than before, so we must grow our seagoing capacity and the donor base that is needed to support this.

I look to everyone associated with the charity to help us with our endeavour, for without it, thousands more disadvantaged young people will be lost to society in the years ahead. Our underlying business model is sound, we have an enviable safety record, and we provide an invaluable service to society.

Getting back on the water, doing the job we do so well, is the key to our longer-term future.

David Aisher,
Chair of Trustees, Tall Ships Youth Trust

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

VISION, MISSION, VALUES AND PURPOSE

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.

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 ocean-going 'residential youth centres'. The Trust's current fleet is four 22m ocean going yachts, 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.

- **Gemma Hobson, Head of Key Stage 3, Limes College, Sutton:** *"Tall Ships provides so much for us as a school, it is not just about the sailing. It gives our pupils the opportunity to learn about themselves and gain self-worth, they find skills that they can excel in, as schoolwork is not always a positive aspect for them. Learning how to take safe risk is also a large part of it. Many of our pupils have not been taught about safe risk taking from home and this allows us show them how to leave their comfort zone and gain achievement without risk of harm to themselves or others. Tall Ships allows us to take them out of their normal environment and show them the wider opportunities that life has to offer. They learn to understand that life is not all about their local town, following in some negative footsteps and the cycle that past generations have followed. It allows them to see that the cycle can be broken."*

We operate all our ships to the same high standard, with the same policies and practices including rigorous screening of volunteers, Safeguarding Policies, and Codes of Conduct.

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 years.

Formed in 1956, over 120,000 trainees have sailed 2.3 million nautical miles on our fleet of vessels. The Trust has built a peerless reputation for delivering outstanding results with young people, most of whom have had an extremely challenging start to their lives.

REVIEW OF ACTIVITIES

Youth Development

Our transformational work with a wide variety of young people, and adults, has continued at scale throughout the period. This year we took 999 young people, 754 of whom were disadvantaged or disabled, and 623 adults, whose voyage fees support, in part, our youth voyages. A survey of over 600 young people last December showed that a remarkable 97% of our youngsters have gone into or are still in Education, Employment or Training.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

We continued to work with very diverse groups of people, from all over the country, during this 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.”
- **Colin Hay, Senior Youth Manager:** “After 20 years in youth work, I thought I’d seen it all, but we built a level of trust and engagement with the young people during the voyage that would have taken six months to achieve on land. Within four months of the voyage, eight of the nine had gone into jobs, apprenticeships, or college. Amazing!”

Disadvantaged and disabled young people now represent 75% of the young people 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.

- **Martin Smith, Stepney Green School, Tower Hamlets:** “We serve a community with a very significant and much larger than average proportion of disadvantaged students, and although the Coronavirus pandemic has affected us all, for many of our students it has brought particular hardship and challenge often compounded on already difficult living conditions. The impact that lockdown has had on their mental, physical, and social health has been intense and raising their self-esteem and aspirations will be critical to moving our young people forward with their lives. If we set academic achievement aside and focus on the ‘real needs’ of our young people, we see the real value in a Tall Ships voyage. A voyage for a young person not only changes the focus from past to future but gives them the opportunity to grow in character and resilience in a way that will form the foundation of their way forward in life. The pandemic has amplified the gap between the “advantaged” and “disadvantaged” members of our society – a Tall Ships voyage is not a luxury for our students, but a vital tool in enabling them to put what has been an extremely traumatic time, in the past and to begin to build a new and aspirational future for them and their families.”

We are meticulous about measuring the impact of our voyages. Post-voyage evaluations¹ from the young people indicate:

- 96% improved team working skills
- 94% improved communication skills
- 93% increased confidence and self-esteem
- 91% improved problem-solving skills
- 90% improved leadership skills
- 93% managing their own feelings better
- 99% enjoyed the voyage
- 95% made new friends

Youth workers, employers, parents, teachers tell us² 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

¹ Source: young people feedback questionnaires 2019/20

² Source: Professionals’ feedback questionnaires 2019/2020

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

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.

This year we have taken as many young people to sea as we did when we were operating a larger fleet that included a 48-berth Brig. This has been achieved through improved vessel utilisation and occupancy as shown below:

Vessels	Year 2018/19	Year 2019/20
Utilisation % of days at sea		
- Challengers	69%	71%
- Catamaran	35%	34%
- Ketch	44%	49%
Occupancy % of voyage spaces sold/filled (compared to capacity)		
- Challengers	83%	93%
- Catamaran	86%	90%
- Ketch	79%	90%

This year also saw increased investment in fleet maintenance. We have adhered to our long-term maintenance plan and fully utilised our new Operations and Maintenance Officer to ensure the boats remain safe and available.

Our vessels continue to sail far and wide:

➤ **Challengers**

The Challengers had a very busy year, with a combined 811 days at sea, including numerous South Coast voyages, operations in the Atlantic, Caribbean, Fastnet, round Britain, Biscay, Norway, and the Canaries.

When not on voyages, the vessels have undergone planned maintenance including the start of the 10-year cycle to replace standing rigging and mainsail tracks. The Challengers also benefited from the delivery and fit of 5 new sets of sails.

➤ **The Catamaran**

The Catamaran went to sea for 107 days, including numerous Duke of Edinburgh Award Gold Expedition voyages. After her last operations in November, the Catamaran was decommissioned and put up for sale as she was becoming financially unviable due to age. She was eventually sold in June 2020.

➤ **The Ketch**

The Ketch started with local voyages from Portsmouth, before sailing via Liverpool to spend the summer in Scotland before returning to Portsmouth, spending a total of 129 days on operations. In January and February, she underwent her 5-year coding survey and other works were conducted including improving the galley arrangement and overhauling the fresh water, drivetrain and steering systems.

TALL SHIPS YOUTH TRUST

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Awareness

Raising public awareness of the charity has remained a high priority, both in conventional and digital media. With the generous pro-bono support of Ogilvy, and latterly EY, we have made significant strides forward with our content, messaging, media diversity and reach.

Our social media activity and engagement continues to grow. The combined number of followers across Facebook, Instagram and Twitter has increased by over 23% with Instagram and Facebook seeing the strongest growth. Our engagement across all three channels remains strong. Our average engagement rate per post on Facebook is 0.23% compared to the industry average of 0.12%, Twitter is 1.9% compared to the industry average of 0.06%, and Instagram is 3.5% compared to the industry average of 1.75%³. This is largely due to having a small number of very engaged supporters as well as a number of celebrity supporters driving traffic to our social 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 and the RYA Magazine. We saw an increase in articles featured in regional publications as we took part in the Round UK Challenge. National and industry coverage has largely focused on our celebrity partnerships whereas local publications focus on youth groups.

When comparing the website analytics with the previous twelve months, the time spent on site per session has increased by 6%, whilst number of pages viewed each session has fallen by almost 10%, which indicates users find the content they are looking for without going through other pages and spend more time consuming content. The bounce rate has also decreased by 5%, meaning more people are staying and interacting with the site. This suggests more effective, better structured content. We have seen an average of £1,783 per month in online donations for the whole year, but this average increases to £2,273 per month for the last six months, after the fundraising restructure. This is consistent with the amount of online donations the previous year. We have recently implemented better tracking to provide feedback on leads (bookings, pdf downloads etc) and we will continue to monitor and evaluate the site based on these goals.

Fundraising

The Trust raised a total of £1,382k in the year.: £397k from over 1,000 individuals, £530k from 192 grant making trusts and foundations, legacies of £291k and £164k received into the Trust's capital appeal.

We are particularly grateful to a number of generous individuals and supportive institutions without whose help over the last year, 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 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 2019/20.

The Halkes family continue to support voyages in the memory of their son, Hugo who was just 12 when he was killed crossing the road. The "Hugo Halkes Voyage" was launched in 2015/16 for disadvantaged young people from Wiltshire where Hugo lived. The family have generously supported two voyages a year for the last 4 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.

³ 2020 Social Media Industry Benchmark Report

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The Joicey Trust also supported us with a £5,000 donation towards our Capital appeal, for which we are very grateful.

We would like to thank all the Trusts and Foundations who have awarded us with grants throughout the year – our work would simply not be possible without your support and encouragement.

A number of fundraising initiatives have resulted in an increase in new donors. In particular, two digital matched-funding appeals raised approximately £35k from a variety of individuals. Raising awareness has also been a key element in this success, particularly through the Daily Express and social media channels.

We have recently opened up our membership schemes which had been closed to new members since 2003. We hope to attract new people to take an active role in the Trust, including voting rights, and we have created several tiers of membership levels including life memberships, and we now have 667 Members who are active and engaged.

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.

We also continued our capital appeal to raise funds for a cost-effective Ship. 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 increased our sailing fleet, and a bursary fund for young people's voyages.

Partnerships

An important part of our work has been the development of new partnerships. Within our sector, we have run several 'STEM at Sea' voyages with Ben Ainslie's 1851 Trust (funded by the LRF Foundation) and have endeavoured to build constructive relationships with ASTO and some other Sail Trainers. We have made progress 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. They include Barratt Homes, Pinsent Masons, the North Atlantic Fishing Company, BAE Systems, Cross Key Homes, and Gill, and we hope soon to add two local higher education establishments, and two more businesses.

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 38,000 hours of their time to support our mission and we remain extremely grateful for their efforts.

Ongoing Assessment of the Business

The COVID-19 pandemic has impacted the charity severely. It has caused the charity to stop residential sailing and this remains the case as government guidelines do not allow such activity, even with appropriate risk assessed measures in place. As the charity is not sailing, it is not receiving any associated voyage revenue. The business plan is therefore to focus on making sure that the charity survives the pandemic together with putting it in the best possible shape to start operations again, which we do not think will happen before spring 2021.

The charity is reducing its cost base commensurate with being in a practical position to start operations again as soon as possible, as well as using the boats for day sailing or possibly charters if demand exists. The charity has worked up a risk assessed way of taking people on residential voyages. It had hoped to persuade government that it is more important to help disadvantaged young people than to take the small risk of spreading covid-19, especially as the risk assessed approach that was developed included testing before going to sea. Sadly, the government is currently unable to provide exemption to the charity (or other organisations in a similar situation) despite its procedures to minimise risk. The whole situation is also necessitating some difficult decisions for the team serving the charity.

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It is unclear what will happen over the next few months to the charity as the country is in an unprecedented position. However, it is clear that our role in helping young, disadvantaged people will be even more in need after the virus is contained as it is often this group of people who are impacted the most by such events.

The charity is reliant on the generosity of many people and organisations who support it. This is even more important now so that the charity is operational as soon as government guidelines allow it to recommence residential sailing voyages. That generosity will have a significant impact on the survival and operational scale of the Charity.

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 5 in the year. The groups pay for the assessment service, and it is a valuable addition to our offering.

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 historical categories (plus Covid-19); 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-liability ratio inadequate. Routine fundraising and special initiatives due to Covid-19 fails to meet targets. See note 21 for further information on restricted income from fundraising. 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 Capital Appeal fails to meet target. New ship project to increase capacity fails to deliver.

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REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

Covid-19

A review covering the various aspects of risks affected by the Covid-19 virus has been conducted. These risks include staff or guests passing the virus on to others, and the considerable financial impact.

For all these risks, and their elemental constituents, mitigation has been put in place. Fundraising including the Capital Appeal, the pension fund deficit (which could increase over time if other fund members become insolvent), volunteers, and the recommencement date for voyages as a result of Covid-19 are considered to be uncertain and therefore higher risk. The residual risk at 29 February 2020 for the other risks is assessed to be “low” or “moderate”.

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.

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 a Board, who have general control of and responsibility for the strategic direction of the Trust and its subsidiary companies, and delegate day-to-day responsibility to the Executive team.

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 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, new Articles of Association approved, 6 new policies agreed by trustees, and a new business plan set in train.

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

In terms of leadership, the board have reviewed our desired skill sets and begun a process of board renewal. During the year, we formally ratified the appointment of Mark Wippell, Philippe D'Ornano, Simon Edwards, Nick Andrews and Nigel Jones. We have also welcomed Emma Bradshaw, Executive Principal of Limes College PRU, to our ranks as our disadvantaged youth development professional.

We say goodbye, with sincere thanks, to Jock Lennox, our sterling leader in very challenging times, and Stephen Hartigan who gave loyal and valuable service to the charity during his tenure.

The nominations, screening and selection process for new Trustees is managed on the Board's behalf by a Nominations and Remunerations Committee consisting of three Trustees including the Chairman, Vice Chairman and one trustee. Candidates are invited to meet at least two Members of the 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 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.

We delegate responsibility to the Finance Risk and Audit Committee for reporting to the Board about financial matters including at this difficult time the forecast cash flows. The Committee considers the financial statements, meets regularly with the financial manager and oversees the appointment of the external auditors, and reviews their findings.

The Trust has an induction programme for Trustees. In normal times, 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.

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A member of the board has also recently undertaken a review of our operational maintenance (particularly safety-related activity), and 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, possibly a virtual one.

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 3 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. We will need you all, more than ever, in the months and years ahead.

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TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

Financial Analysis

The Trust has continued to make very 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.

	Notes (see below)	y/e Feb 2020	y/e Feb 2019	Variance
<u>Number of voyagers</u>		Number	Number	Number
Disadvantaged young people		754	665	89
Other young people		245	189	56
Adults		<u>623</u>	<u>358</u>	<u>265</u>
Total	1	<u>1,622</u>	<u>1,212</u>	<u>410</u>
<u>Selected Financial results</u>		£'000	£'000	£'000
Voyage income – bursaries		693	457	236
– Direct payments		<u>758</u>	<u>630</u>	<u>128</u>
– total		1,451	1,087	364
Direct fleet costs (exc fleet depreciation)		<u>(776)</u>	<u>(639)</u>	<u>(137)</u>
Net Operating surplus	2	675	448	227
Overheads	3	<u>(937)</u>	<u>(909)</u>	<u>(28)</u>
Operating deficit before fundraising	4	(262)	(461)	199
Fundraising	5			
Individual and Regular giving		928	685	243
Legacies		291	144	147
Capital appeal		<u>164</u>	<u>279</u>	<u>(115)</u>
Total fundraising		1,383	1,108	275
Less: bursaries given for specific voyages		<u>(693)</u>	<u>(457)</u>	<u>(236)</u>
Net donations		<u>690</u>	<u>651</u>	<u>39</u>
Operating surplus		428	190	238
Fleet depreciation		(142)	(142)	-
Asset write down		<u>(75)</u>	<u>-</u>	<u>(75)</u>
Net income for the period	6	<u>211</u>	<u>48</u>	<u>163</u>

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

Notes to the Financial Analysis

1. Number of voyagers

We are delighted that through continued improvement in vessel utilisation and occupancy, we were able to increase the number of disadvantaged young people that we supported.

2. Operating Income

Due to the increase in numbers above, we have achieved an increase in voyage income of £364k (33%) over the prior year. Direct fleet costs naturally increased by £131k but only 20%. Whilst maintaining our vessels to a very good standard, demonstrating good cost control. As a result, our net operating surplus improved by £233k, showing overall improved operational efficiency.

3. Overheads

Overheads have increased by only 3% overall in the year. Despite significant improvements in marketing and website. Costs continue to be tightly controlled and our average staff levels of 13 is considered low.

4. Operating deficit before fundraising

Operating deficit before fundraising has improved significantly by £199k.

5. Fundraising

Our individual and regular giving has increased by £243k (30%) in the year due to new initiatives. Significant legacy accrued; however general legacies are lower. The Trust's capital appeal has raised £164k in the year.

6. Net Gain

This year we have again realised a net gain, £211k, this is after writing down the Catamaran for its impending sale. A significant increase over last year's surplus of £48k.

Future Financial Prospects and Reserves Policy

Both cash from operating activities and net income were positive for the year to 29 February 2020

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 addition, we continue to work within the restrictions created by Covid-19. Whilst its effect is felt in terms of loss of voyage income and fundraising income, every effort is being made by management to ensure Tall Ships Youth Trust come through this period. Regular meetings are being held with the trustees to ensure a regular flow of financial and management information to assist decision making. The earliest re-commencement of voyages is an important element to this success. Accordingly, Operational and Financial plans have been re-drawn on the assumption that residential voyages will commence again with the Government guidelines by Spring 2021.

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 Capital 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 Capital 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 FOR THE YEAR ENDED 29 FEBRUARY 2020

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 are 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 (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



David Aisher
Chairman of the Board of Trustees

Dated: 1 December 2020

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 29 FEBRUARY 2020

Opinion

We have audited the financial statements of Tall Ships Youth Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 29 February 2020 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheet, the Group Statement of Cashflows and notes to the consolidated 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 29 February 2020 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 2019.

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.

Material uncertainty related to going concern

We draw attention to the going concern accounting policy on page 21 in the financial statements. As a result of Covid-19, the restrictions have impacted on the group's ability to receive funding and accurately forecast the timing of cash inflows.

These events indicate that a material uncertainty exists that may cast significant doubt on the groups ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 FOR THE YEAR ENDED 29 FEBRUARY 2020

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 15, 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. 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 Sue Lucas
Senior Statutory Auditor
for and on behalf of Moore (South) LLP
Statutory Auditor, Chartered Accountants
9 St Johns Place
Newport
Isle of Wight
PO30 1LH

Dated 1 December 2020

TALL SHIPS YOUTH TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 29 FEBRUARY 2020

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds Year to 29/2/2020	Total Funds Year to 28/2/2019 Amended
	<u>Note</u>	2020	2020	2020	29/2/2020	28/2/2019
		£	£	£	£	£
Income and Endowments from:						
Donations and legacies	2	687,869	694,289	-	1,382,158	1,107,752
Other trading activities	3	11,935	-	-	11,935	12,460
Investments		627	1,913	-	2,540	2,388
Charitable activities	4	<u>757,578</u>	<u>-</u>	<u>-</u>	<u>757,578</u>	<u>622,900</u>
Total income		<u>1,458,009</u>	<u>696,202</u>	<u>-</u>	<u>2,154,211</u>	<u>1,745,500</u>
Expenditure on:						
Raising funds	7	337,392	-	-	337,392	314,962
Other trading activities	7	11,063	-	-	11,063	16,288
Charitable activities	7	<u>1,132,653</u>	<u>462,149</u>	<u>-</u>	<u>1,594,802</u>	<u>1,366,698</u>
Total expenditure		<u>1,481,108</u>	<u>462,149</u>	<u>-</u>	<u>1,943,257</u>	<u>1,697,948</u>
Net movement in funds		(23,099)	234,053	-	210,954	47,552
Fund balances brought forward At 1 March 2019		<u>(327,709)</u>	<u>618,679</u>	<u>51,132</u>	<u>342,102</u>	<u>294,550</u>
Fund balances carried forward At 29 February 2020		<u>(350,808)</u>	<u>852,732</u>	<u>51,132</u>	<u>553,056</u>	<u>342,102</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.

There was no movement on the endowment funds in either the current or prior year and so no separate income and expenditure account is included.

TALL SHIPS YOUTH TRUST

BALANCE SHEETS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	<u>Note</u>	Consolidated		Tall Ships Youth Trust	
		29/2/2020	28/2/2019	29/2/2020	28/2/2019
		£	£	£	£
Fixed assets					
Tangible assets	13	1,400,549	1,610,429	1,400,549	1,610,429
		-----	-----	-----	-----
Current assets					
Stocks		9,705	10,478	250	250
Debtors	14	332,126	90,030	310,487	86,637
Investments	15	5,338	5,081	5,338	5,081
Cash at bank and in hand		<u>241,056</u>	<u>159,638</u>	<u>225,990</u>	<u>131,890</u>
		588,225	265,227	542,065	223,858
Creditors: amounts falling due within one year	16	<u>(638,374)</u>	<u>(545,058)</u>	<u>(528,155)</u>	<u>(400,814)</u>
Net current assets/(liabilities)		<u>(50,149)</u>	<u>(279,831)</u>	<u>13,910</u>	<u>(176,956)</u>
Total assets less current liabilities		1,350,400	1,330,598	1,414,459	1,433,473
Creditors: amounts falling due after more than one year	17	<u>(797,344)</u>	<u>(988,496)</u>	<u>(575,500)</u>	<u>(765,500)</u>
		<u>553,056</u>	<u>342,102</u>	<u>838,959</u>	<u>667,973</u>
		=====	=====	=====	=====
Capital funds					
Endowment funds	18	51,132	51,132	51,132	51,132
Income funds					
Restricted funds	19	852,732	618,679	852,732	618,679
Revaluation reserve	20	624,497	630,447	624,497	630,447
Other unrestricted funds	20	<u>(975,305)</u>	<u>(958,156)</u>	<u>(689,402)</u>	<u>(632,285)</u>
		<u>553,056</u>	<u>342,102</u>	<u>838,959</u>	<u>667,973</u>
		=====	=====	=====	=====

The financial statements were approved by the Trustees on 1 December 2020



David Aisher
Chairman of the Board



Nigel Jones
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 29 FEBRUARY 2020

	29/2/2020	28/2/2019
	Group	Group
	£	£
Cashflow from operating activities		
Net cashflow from operations See Below	<u>179,471</u>	<u>121,448</u>
Total cashflow from operating activities	<u>179,471</u>	<u>121,448</u>
Cashflow from investing activities		
Interest received	2,540	2,388
Payments to acquire fixed assets	<u>(10,101)</u>	<u>-</u>
Total cashflow on Investing activities	<u>(7,561)</u>	<u>2,388</u>
Cash from financing activities		
Repayments of borrowing	<u>(90,492)</u>	<u>(40,747)</u>
Net cash provided by (used in) financing activities	<u>(90,492)</u>	<u>(40,747)</u>
Net Increase/(decrease) in cash and cash equivalents	81,418	83,089
Cash and cash equivalents at 1 March 2019	<u>159,638</u>	<u>76,549</u>
Cash and cash equivalents at 29 February 2020	<u>241,056</u>	<u>159,638</u>
	=====	=====
Cash and cash equivalents consist of:		
Cash at bank and in hand	<u>241,056</u>	<u>159,638</u>
Cash and cash equivalent at 29 February 2020	<u>241,056</u>	<u>159,638</u>
	=====	=====
Reconciliation of income to net cashflow from operations:		
	29/2/2020	28/2/2019
	£	£
Net income resources	210,954	47,552
Depreciation charges	219,981	146,624
Investment income	(2,540)	(2,388)
Change in value of investments	(257)	(246)
(Increase)/decrease in stocks	773	966
(Increase)/decrease in debtors	(242,096)	(23,176)
Increase/(decrease) in creditors	<u>(7,344)</u>	<u>(47,884)</u>
Net cash outflow from operations	<u>179,471</u>	<u>121,448</u>
	=====	=====

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 29 FEBRUARY 2020

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 issued in October 2019 (FRS 102), the Charities Act 2011, Companies Act 2006, and UK Generally Accepted Accounting Practice.

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 Charity depends upon cash flow which is raised mainly from various forms of donations and voyage income. Both sources of income have been impacted by Covid-19. The residential sailing program was suspended in mid-April and consequently the direct income derived from that program has stopped, and it is not clear when residential operations will recommence. All sources of our fundraising have also been impacted. In response to this, the Charity has launched a new appeal and continues to ask for and receive donations from a variety of generous people and organisations. But it remains a challenge.

The Charity has an operating subsidiary, Tall Ships Limited which is not solvent, having a net liability at the year-end of £839,509. This net liability includes the pension deficit of £241,844 (2019 £302,996). The Charity provides financial support to Tall Ships Ltd.

The Charity has a deficit of assets making up the unrestricted funds, as explained in note 21, a situation which stems from the sale of the brig in 2017 for considerably less than had been expected. The Charity is focussing on correcting this position when voyages are able to resume. During the year to 29 February 2020 the deficit was reduced by £89,000.

These situations above therefore create a material uncertainty about the future timing and level of cash flow, and the future financial position of the Charity.

To mitigate this, from the start of the pandemic, the Charity's Finance Committee has met on a regular basis to evaluate and actively oversee the situation and develop strategies to minimise non-essential expenditure and develop fundraising income. The Charity has reduced costs in all areas, whilst planning for future covid-19 safe voyages. The Charity has taken advantage of the Government support measure - the coronavirus job retention scheme to protect cash flows and future employment capabilities. At the time of approving these accounts a CBILS loan offer from the Charity's bank is available, dependent on terms and if required. The finances continue to be reviewed regularly and forecasts amended.

Therefore, due the plans described above, the Trustees have a reasonable expectation that the Charity will continue in operational existence for the foreseeable future and accordingly the accounts are prepared on the going concern basis.

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 29 FEBRUARY 2020

Basis of Consolidation

The group financial statements consolidate those of the charity and of its subsidiary undertaking has drawn up on 29 February 2020. 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 the Consolidated Statement of Financial Activities have been amended to reflect the change in the way the Trust accounts for certain funding relating to voyages. Designated or restricted income is recognised when the grant or funds are originally received and not again when the voyage occurs.

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.

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 performance restrictions, 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.

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 29 FEBRUARY 2020

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.

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

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 29 FEBRUARY 2020

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.

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.

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 29 FEBRUARY 2020

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 29 FEBRUARY 2020

1. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2019 Amended £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 28/2/2019 Amended £
Income and Endowments from:				
Donations and legacies	772,520	335,232	-	1,107,752
Other trading activities:	12,460	-	-	12,460
Investments	493	1,895	-	2,388
Charitable activities	<u>622,900</u>	<u>-</u>	<u>-</u>	<u>622,900</u>
Total income	<u>1,408,373</u>	<u>337,127</u>	<u>-</u>	<u>1,745,500</u>
Expenditure on:				
Raising funds	314,962	-	-	314,962
Other trading activities	16,288	-	-	16,288
Charitable activities	<u>1,042,755</u>	<u>323,943</u>	<u>-</u>	<u>1,366,698</u>
Total expenditure	<u>1,374,005</u>	<u>323,943</u>	<u>-</u>	<u>1,697,948</u>
Net movement in funds	34,368	13,184	-	47,552
Fund balances brought forward at 1 March 2018	<u>(362,077)</u>	<u>605,495</u>	<u>51,132</u>	<u>294,550</u>
Fund balances carried forward At 28 February 2019	<u>(327,709)</u>	<u>618,679</u>	<u>51,132</u>	<u>342,102</u>

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	29/2/2020 £	28/2/2019 £
Donations	615,165	431,789	1,046,954	904,980
Legacies	28,316	262,500	290,816	143,616
Membership	<u>44,388</u>	<u>-</u>	<u>44,388</u>	<u>59,156</u>
	<u>687,869</u>	<u>694,289</u>	<u>1,382,158</u>	<u>1,107,752</u>

Of the comparative donations figure £335,232 was in respect of restricted funds.

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	29/2/2020 £	28/2/2019 £
Fundraising events	11,935	-	11,935	12,460
	<u>=====</u>	<u>====</u>	<u>=====</u>	<u>=====</u>

Of the comparative fundraising events £nil was in respect of restricted funds.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

4. INCOME FROM CHARITABLE ACTIVITIES

	29/2/2020 £	28/2/2019 Amended £
Gross voyage fees	1,420,511	1,044,392
Less bursaries utilised from funds	(693,430)	(456,932)
Grants (receivable from Associations of Sea Training Organisations for Youth Work)	<u>30,497</u>	<u>35,440</u>
	757,578 =====	622,900 =====

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:-

	29/2/2020 £	28/2/2019 £
Turnover-voyage fees	1,451,008	1,079,832
Operating costs	<u>(1,203,747)</u>	<u>(1,030,649)</u>
Operating Profit/(loss)	247,261	49,183
Finance costs	<u>(18,847)</u>	<u>(28,571)</u>
Net profit/(loss)	228,414 =====	20,612 =====

The net assets and liabilities of the active subsidiary are:

	29/2/2020 £	28/2/2019 £
Current assets	46,160	60,845
Creditors: amounts falling due within one year	<u>(885,669)</u>	<u>(1,128,768)</u>
Total net liabilities	<u>(839,509)</u>	<u>(1,067,923)</u>
Aggregate of share capital and reserves	<u>(839,509)</u> =====	<u>(1,067,923)</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 £267 as donations in the year to 29 February 2020 (2019: £2,877), which is classified as unrestricted income in the accounts.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

7. ANALYSIS OF EXPENDITURE

	Direct costs	Support costs	29/2/2020	28/2/2019 Amended
	£	£	£	£
Cost of raising funds:				
Fundraising costs	291,491	41,961	333,452	312,963
Allocation of governance costs (see below)	-	3,940	3,940	1,999
	291,491	45,901	337,392	314,962
	=====	=====	=====	=====
Costs of other trading activities				
Charitable activities	10,827	236	11,063	16,288
	=====	=====	=====	=====
Charitable activities				
Ship related costs	956,892	-	956,892	772,842
Depreciation and impairment	219,981	-	219,981	146,624
Allocation of governance costs (see below)	16,724	-	16,724	26,580
Interest payable and similar finance charges	1,914	-	1,914	1,895
Other voyage and support expenses	333,472	65,819	399,291	418,757
	1,528,983	65,819	1,594,802	1,366,698
	=====	=====	=====	=====
Restricted funds			462,149	323,943
Unrestricted funds			1,132,653	1,042,755
			1,594,802	1,366,698
			=====	=====

8. SUPPORT AND GOVERNANCE COSTS

	29/2/2020	28/2/2019	Method	Governance	Charitable Activities	Trading Activities	Fundraising Activities
	£	£		£	£	£	£
Payroll and HR	6,846	965	Total resources	226	1,725	27	4,868
Property costs	19,941	20,120	Total resources	658	5,023	80	14,180
Office costs	12,884	14,240	Total resources	320	5,619	39	6,906
IT and Website	13,911	13,489	Total resources	459	3,504	56	9,892
Marketing	47,782	60,009	Direct activities	-	47,782	-	-
Other	10,592	12,183	Total resources	2,277	2,166	34	6,115
	111,956	121,006		3,940	65,819	236	41,961
	=====	=====		=====	=====	=====	=====
At 28 February 2019				1,999	75,685	242	43,080
				=====	=====	=====	=====

Governance costs (included above)

	Support	Charitable	29/2/2020	28/2/2019
	£	£	£	£
Auditors remuneration	-	16,724	16,724	26,580
Administrative expenses	3,940	-	3,940	1,999
	3,940	16,724	20,664	28,579
	=====	=====	=====	=====
At 28 February 2019	1,999	26,580		
	=====	=====		

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

9. OTHER COSTS

	29/2/2020 £	28/2/2019 £
The surplus is stated after charging:		
Auditors' remuneration		
Audit services	18,000	16,550
Non-audit services	<u>7,000</u>	<u>10,030</u>
	25,000	26,580
Depreciation	145,305	146,624
Impairment of asset	74,676	-
Operating lease rentals	<u>18,606</u>	<u>18,808</u>
	=====	=====

10. EMPLOYEES

Employee costs during the period were as follows:

	29/2/2020 £	28/2/2019 £
Wages and salaries	557,327	537,931
Social security costs	53,841	48,240
Other pension costs	<u>22,707</u>	<u>21,672</u>
	633,875	607,843
	=====	=====

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

	29/2/2020 Number	28/2/2019 Number
Management and administration	13	14
	==	==

The total costs attributable to senior management personnel amounted to £217,343 for the year to 29 February 2020 (2019: £207,260). Senior management personnel comprise the Chief Executive Officer and Finance Director. The emoluments of higher paid employees fell within the following ranges:

	29/2/2020 Number	28/2/2019 Number
£60,001 to £70,000	1	1
£110,001 to £120,000	1	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 (2019: £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 £2,679 (2019: £1,148)

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

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:

	29/2/2020 £	28/2/2019 £
Income		
Income from donations and legacies	1,382,158	1,107,752
Other trading activities	11,935	12,460
Other income	188,447	-
Investment income	<u>2,540</u>	<u>2,388</u>
Total income	1,585,080	1,122,600
Expenditure		
Raising funds	(330,312)	(312,964)
Other trading activities	(17,707)	(18,287)
Charitable activities	<u>(1,066,075)</u>	<u>(764,409)</u>
Total expenditure	(1,414,094)	(1,095,660)
Net income for the year	170,986	26,940
Total funds brought forward on 28 February 2019	<u>667,973</u>	<u>641,033</u>
Total funds carried forward at 29 February 2020	<u>838,959</u> =====	<u>667,973</u> =====

13. TANGIBLE FIXED ASSETS

Consolidated and Tall Ships Youth Trust

	Yachts £	Computers, Fixtures & Equipment £	Total £
Cost or valuation:			
At 1 March 2019	2,131,999	71,179	2,203,178
Additions in year	<u>-</u>	<u>10,101</u>	<u>10,101</u>
At 29 February 2020	2,131,999 =====	81,280 =====	2,213,279 =====
Depreciation:			
At 1 March 2019	526,821	65,928	592,749
Provided in the period	142,133	3,172	145,305
Impairment of asset	<u>74,676</u>	<u>-</u>	<u>74,676</u>
At 29 February 2020	743,630 =====	69,100 =====	812,730 =====
Net book amount at 29 February 2020	1,388,369 =====	12,180 =====	1,400,549 =====
Net book amount at 28 February 2019	1,605,178 =====	5,251 =====	1,610,429 =====

The Yachts are given as security against a number of loans included in creditors. The net book value of yachts given as security was £1,299,200 (2019: £1,543,312).

The Challenger Yachts were professionally revalued on 15 August 2020 at £350,000 each.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

13. FIXED ASSETS (continued)

The Catamaran was decommissioned by 29 February 2020. A sale has been agreed at a price below the net book value and consequently an impairment value of £74,676 has been included in the year.

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:

	Yachts £ 2020	Yachts £ 2019
Cost	1,370,807	1,370,807
Accumulated depreciation	<u>(1,029,999)</u>	<u>(938,612)</u>
Net book amount at 29 February 2020	340,808	432,195
	=====	=====

14. DEBTORS

	Consolidated		Tall Ships Youth Trust	
	29/2/2020	28/2/2019	29/2/2020	28/2/2019
	£	£	£	£
Amounts owed by group undertakings	-	-	-	19,476
VAT recoverable	21,053	12,769	7,084	5,390
Other debtors	299,695	52,288	296,255	43,030
Prepayments	<u>11,378</u>	<u>24,973</u>	<u>7,148</u>	<u>18,741</u>
	332,126	90,030	310,487	86,637
	=====	=====	=====	=====

15. CURRENT ASSET INVESTMENTS

	Consolidated		Tall Ships Youth Trust	
	29/2/2020	28/2/2019	29/2/2020	28/2/2019
	£	£	£	£
UK investments – COIF Funds	<u>5,388</u>	<u>5,081</u>	<u>5,388</u>	<u>5,081</u>
	5,388	5,081	5,388	5,081
	=====	=====	=====	=====

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 FOR THE YEAR ENDED 29 FEBRUARY 2020

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Tall Ships Youth Trust	
	29/2/2020	28/2/2019	29/2/2020	28/2/2019
	£	£	£	£
Loans from Trustees and funders	206,000	117,000	206,000	117,000
Payments received on account	212,906	214,701	212,906	214,701
Trade creditors	88,439	63,023	23,604	11,542
Social Security and other taxes	15,242	19,107	15,242	16,617
Deferred income	51,574	17,674	51,574	17,674
Other creditors and accruals	<u>64,213</u>	<u>113,553</u>	<u>18,829</u>	<u>23,280</u>
	638,374	545,058	528,155	400,814
	=====	=====	=====	=====

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	
	29/2/2020	28/2/2019	29/2/2020	28/2/2019
	£	£	£	£
Loans from Trustees and funders	575,500	765,500	575,500	765,500
Other Creditors and accruals	<u>221,844</u>	<u>222,996</u>	-----	-----
	797,344	988,496	575,500	765,500
	=====	=====	=====	=====

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 2019	<u>13,277</u>	<u>12,952</u>	<u>24,903</u>	<u>51,132</u>
At 29 February 2020	13,277	12,952	24,903	51,132
	=====	=====	=====	=====

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 FOR THE YEAR ENDED 29 FEBRUARY 2020

19. RESTRICTED FUNDS

	Balance at 1/3/2019 £	Income £	Expenditure £	Balance at 29/2/2020 £
International fund	191,351	1,913	-	193,264
Legacy fund	-	262,500	-	262,500
Other specific funds	<u>427,328</u>	<u>431,789</u>	<u>(462,149)</u>	<u>396,968</u>
Total restricted funds	618,679 =====	696,202 =====	(462,149) =====	852,732 =====

The Specific Funds are donations made to the Trust to be used for specified purposes. At 29 February 2020 there were 250 separate funds (2019: 246). 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.

The legacy fund is monies received to be used for youth trip voyages in the North Devon, North West Somerset and Exmoor National Park areas.

Year to 28 February 2019 comparative period	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	605,495 =====	337,127 =====	(323,943) =====	618,679 =====

20. UNRESTRICTED FUNDS

Consolidated

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2019	(958,156)	630,447	(327,709)
Incoming resources	1,458,009	-	1,458,009
Outgoing resources	(1,481,108)	-	(1,481,108)
Transfer between funds	<u>5,950</u>	<u>(5,950)</u>	<u>-</u>
At 29 February 2020	(975,305) =====	624,497 =====	(350,808) =====

Tall Ships Youth Trust

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2019	(632,285)	630,447	(1,838)
Incoming resources	888,878	-	888,878
Outgoing resources	(951,945)	-	(951,945)
Transfer between funds	<u>5,950</u>	<u>(5,950)</u>	<u>-</u>
At 29 February 2020	(689,402) =====	624,497 =====	(64,905) =====

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Consolidated at 29 February 2020				
Tangible fixed assets	1,400,549	-	-	1,400,549
Current assets	(315,639)	852,732	51,132	588,225
Current liabilities	(638,374)	-	-	(638,374)
Creditors: due after more than one year	<u>(797,344)</u>	<u>-</u>	<u>-</u>	<u>(797,344)</u>
	(350,808)	852,732	51,132	553,056
	=====	=====	=====	=====
Tall Ships Youth Trust at 29 February 2020				
Tangible fixed assets	1,400,549	-	-	1,400,549
Current assets	(361,799)	852,732	51,132	542,065
Current liabilities	(528,155)	-	-	(528,155)
Creditors: due after more than one year	<u>(575,500)</u>	<u>-</u>	<u>-</u>	<u>(575,500)</u>
	(64,905)	852,732	51,132	838,959
	=====	=====	=====	=====
Period to 28 February 2019 comparative period				
	£	£	£	£
Consolidated at 28 February 2019				
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	<u>(765,500)</u>	<u>-</u>	<u>-</u>	<u>(765,500)</u>
	(327,709)	618,679	51,132	342,102
	=====	=====	=====	=====
Tall Ships Youth Trust at 28 February 2019				
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	<u>(765,500)</u>	<u>-</u>	<u>-</u>	<u>(765,500)</u>
	(1,838)	618,679	51,132	667,973
	=====	=====	=====	=====

Most restricted donations are to cover, in part the costs of a voyage and most of the costs of most voyages are spent in advance, starting with buying a boat and having the organisation to run the trips. The above note shows a notional allocation of assets between restricted and unrestricted. These assets are not segregated. The analysis shows that after allocating assets to restricted funds, there is a deficit of assets represented by other unrestricted funds. This situation has existed since the sale of the brig in the year to February 2018 for considerably less than had been expected. The charity is focused on correcting this situation and at the balance sheet date the deficit of assets is less than at 28 February 2018.

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.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

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 £241,844 (2019 - £302,996).

23. LEASING COMMITMENTS

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

	29/2/2020		28/2/2019	
	Land & Buildings £	Other £	Land & buildings £	Other £
Within one year	25,000	22,815	25,000	18,606
Between two and five years	<u>25,000</u>	<u>35,821</u>	<u>50,000</u>	<u>18,800</u>
	50,000	58,636	75,000	37,406
	=====	=====	=====	=====

24. RELATED PARTY TRANSACTIONS

During the year, C Lennox, who is the son of J Lennox, the previous chairman of the charity, received remuneration of £17,459 (2019: £28,305). 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 (2019: £172,500) from Trustees and related parties, which are part of the secured charge on fixed assets (see note 13).

Name	As at 29/2/2020 £	As at 28/2/2019 £
M Aiken (deceased)	150,000	150,000
R Evans	12,500	12,500
S Hartigan	<u>10,000</u>	<u>10,000</u>
	172,500	172,500
	=====	=====

The aggregate donations from Trustees to the charity during the year was £38,564 (2019 £89,000).

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Group balances	29/2/2020 £	28/2/2019 £
Financial assets at amortised Cost	567,143	229,769
Financial liabilities at amortised cost	<u>(1,171,238)</u>	<u>(1,301,179)</u>
Net financial liabilities	(604,095)	(1,071,410)
	=====	=====

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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