

**THE MARITIME EDUCATIONAL FOUNDATION**

**Registered Charity Number 1100125**

**Registered Company Number 4251334**

**YEAR ENDED 31 DECEMBER 2020**

**THE MARITIME EDUCATIONAL FOUNDATION**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

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# THE MARITIME EDUCATIONAL FOUNDATION

## LEGAL AND ADMINISTRATIVE INFORMATION

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### CONSTITUTION

The Maritime Educational Foundation ('the Foundation') was incorporated on 12 July 2001, and its memorandum and articles were amended by special resolution on 18 September 2003. It is limited by guarantee. The Foundation was registered as a charity on 17 October 2003.

#### TRUSTEES

The Directors, who are the Charity's Trustees that served during the year and up to the date of signing this report, were:

D Appleton  
M Carden  
A M Dickinson  
S Konstanz  
D Procter  
C Roberts  
H R Sanguinetti (resigned 17 September 2021)  
M Willis

<b>REGISTERED COMPANY NUMBER</b>	4251334
<b>REGISTERED CHARITY NUMBER</b>	1100125
<b>REGISTERED OFFICE</b>	The Maritime Educational Foundation 30 Park Street London SE1 9EQ

#### PROFESSIONAL ADVISERS:

<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	National Westminster Bank PLC Bishopsgate London EC2P 2AP
<b>Investment Managers</b>	Julius Baer 1 St Martin's Le Grand London EC1A 4AS

# **THE MARITIME EDUCATIONAL FOUNDATION**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

The Trustees, who are directors for the purpose of company law, are pleased to present their annual report together with the financial statements of the charity for the year ended 31 December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the requirements of the charity's trust deed, and 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 UK and Republic of Ireland (FRS 102), second edition published October 2019.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Maritime Educational Foundation (the Foundation), is a charitable company limited by guarantee, controlled by the same board of Trustees as The Maritime Training Trust (MTT). MTT's purpose is to collect money remitted to it by shipping companies registered under the tonnage tax regime which have not met their core training commitment and pay these to the Foundation. These funds are then used to promote education and training in maritime skills for the British Shipping industry. The Foundation received its first contribution of £150,000 from the MTT in December 2003. The Foundation continues to receive contributions from the MTT.

There are normally eight Trustees, four nominated by the Chamber of Shipping, two nominated by Nautilus International and two by RMT, although casual vacancies occur from time to time. The Trustees are by their profession associated with the key aims of the Foundation and are therefore able to make informed judgements on the appropriateness of grant or other awards in line with the charitable aims of the Foundation.

Trustees are appointed by the full Board to ensure the Board is balanced and equipped to support the organisation. Each new trustee is given relevant induction as required and all trustees are given the opportunity of additional training where necessary.

The Foundation does not have any employees. However, the Chamber of Shipping Limited provides administrative support services to the Foundation and delegated responsibilities where considered appropriate.

## **AIMS AND OBJECTIVES**

The Foundation's charitable objects are:

- The advancement of education and training in maritime skills and in pursuance of such object but not further or otherwise to facilitate and promote the education and training of seafarers in maritime skills for the benefit of the general public; and
- The advancement of education and training generally concerning maritime industries and industries related to maritime activities.

For the purpose of the above, 'seafarers' means persons employed or engaged, in maritime industries or who otherwise earn their living at sea or in industries related to maritime activities or who are undergoing a course of approved training for service in such industries or in industries related to maritime activities (and which is a course approved by the MNTB).

The Foundation meets these aims and objectives as explained in the following narrative.

# **THE MARITIME EDUCATIONAL FOUNDATION**

## **REPORT OF THE TRUSTEES (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **ACHIEVEMENTS AND PERFORMANCE**

The MEF continues to focus on the provision of quality seafarer training and education for all MEF sponsored cadets. The MEF provides 'gold standard' new entrant seafarer training in the form of officer cadet sponsorships as well as apprenticeship bursaries to encourage companies to develop new opportunities for ratings. Raising the profile of maritime careers is an important area of work for the MEF and by offering financial support to unemployed seafarers looking to either upskill or update existing training, unemployed seafarers are more likely to secure new employment opportunities within the industry.

In previous years, the MEF has provided funding for special activities and projects to organisations that have been identified as providing seafarer training and education, however, due to the impact of COVID on MEF investments and the urgent need to rebuild our reserves, the Trustees agreed to place a temporary freeze on a number of their funding support activities. Despite this, cadet sponsorship, ratings bursaries and financial support in the way of updating training funding for unemployed seafarers has remained a key focus for the MEF. The management and implementation of this funding has required additional processes to be implemented to mitigate any risk of MEF funds being misused and to ensure any allocated funding is utilised in line with the MEF's set criteria.

Each year, the Board of Trustees make the decision on how many officer trainees will be sponsored annually. These trainees are recruited and managed by training management companies following a rigorous selection process. The cadet intake for 2020/21 currently stands at 20. The ratings bursary allocation this year is capped at £70k and support for unemployed seafarers is capped at £30k.

The MEF has continued to provide funding to the MNTB to support the salary costs of a full-time Training and Careers Manager post and the MEF Support Officer. The MEF Support Officer continues to progress the work of the Apprenticeship Committee and offers guidance and support to companies employing apprentices. The Training and Careers Manager continues to work on the promotion of Careers at Sea and Careers at Sea and Beyond with work progressing on the development and promotion of the Careers at Sea Ambassador programme. Numbers of Ambassadors volunteering has increased to 274 and despite COVID restrictions impacting the ability of the Ambassadors to visit schools and careers events, promotional work continues with virtual careers fairs and the sponsorship of National Careers Week successfully highlighting the vast array of viable career options in maritime.

The Foundation continues to support the JW Slater Fund which offers support for rating to officer conversion training and awards grants to Merchant Navy ratings, electro-technical officers or yacht crew considering career progression.

As part of the Trustees responsibilities, the Strategic Plan is reviewed on an annual basis to ensure that MEF resources are managed effectively and distributed to meet the Foundation's charitable objectives.

#### **PUBLIC BENEFIT**

The Trustees confirm that they have taken due regard of the Charity Commission's general guidance on public benefit.

# **THE MARITIME EDUCATIONAL FOUNDATION**

## **REPORT OF THE TRUSTEES (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **RISK MANAGEMENT**

The Trustees consider the major risks facing the Foundation on an ongoing basis and takes steps to mitigate these risks as they arise.

The main financial risk identified was potential future income volatility reflecting either any future changes to the current UK Tonnage Tax regime which supplies the entirety of the Charity's income or the amount of training undertaken themselves by the shipping companies enrolled in that scheme. Other than environmental scanning and monitoring there is limited mitigation possible. Other risks were financial ones arising as a result of volatility in the market value and income from fixed asset investments. Mitigation for these risks includes retaining substantial cash balances, a balanced and diversified portfolio asset allocation, the appointment of professional investment managers and the regular reporting and monitoring of investment performance.

#### **FINANCIAL REVIEW**

A summary of the results for the Foundation for the year is given on page 11 of the financial statements.

A grant of £1.81 million was awarded by the Maritime Training Trust (MTT) to the Foundation for the year to 31 December 2020 (2019: £2.07 million). Part of this grant was paid over during 2020, while the balance is included within debtors at 31 December 2020 (see note 8).

In 2020, the Foundation made a number of new commitments in officer training; £427,409 (2019: £1,754,112) to Chiltern Maritime Limited; £131,295 (2019: £477,178) to Clyde Marine Training; £140,094 to Anglo Eastern (2019: £nil); £134,887 (2019: £nil) to Ship Safe Training Group (SSTG) and £89,939 (2019: £843,513) to V.Offshore (Isle of Man) Limited. Variations on these contracts and previous contracts with these suppliers which were agreed in previous years totalled a charge of £160,637 during 2020 (2019: £591,461 credit). The Foundation donated £400k to the JW Slater Memorial Fund in 2020 (2019: £900k). The Foundation made variations to existing grants to MNTB totalling a credit of £659 in 2020 (2019: charge of £179,866), including any new grants made in the year. Other new grants and smaller contributions totalled £110,451 (2019: £168,695). All such awards were for the education and training of seafarers in maritime skills, or the promotion of the same, in accordance with the agreed charitable aims and objectives.

The Foundation held cash balances of £0.67 million at 31 December 2020 (2019: £0.15 million). In addition, during 2020 the Trustees continued to invest substantial funds with Julius Baer in line with the investment policy noted below. The market value of investments held with Julius Baer was £3.44 million at 31 December 2020 (2019: £5.43 million). Total grant and award commitments as at 31 December 2020 were £4.03 million (2019: £6.30 million), of which £2.93 million is due to be paid by 31 December 2021, £0.94 million in the year to 31 December 2022, with the remainder of £0.16 million payable after 2022.

#### **GOING CONCERN**

The Trustees have considered, in light of the Covid-19 situation, the continued appropriateness of the going concern basis for these financial statements. The charity has net assets as the balance sheet date but net current liabilities and therefore in order to pay its debts as they fall due either MTT settles the year end debtor position and makes additional payments in 2020 or a drawn down from the investment portfolio would be required. The trustees have reviewed the assets held by the investment portfolio and note that the investments are all held in liquid assets that are traded daily on the relevant stock exchanges so do not foresee problems with the liquidity of the holding. While, investment markets have being volatile in 2020 and 2021 due to the impact of the COVID-19 pandemic the valuation has never fallen to a level when MTT does not have sufficient liquid funds to cover all its debts. When awarding grants and new training commitments the Trustees are provided with the latest cash position as well as latest management accounts to enable them to ensure that commitments are not entered into

# **THE MARITIME EDUCATIONAL FOUNDATION**

## **REPORT OF THE TRUSTEES (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **GOING CONCERN (continued)**

that exceed the charity's ability to fund. Regarding funding commitments entered into at the balance sheet date, the full future amount of all future commitment is included in the financial statements so there are no additional debts that require settling other than included in the financial statements before the award of any new commitments in 2020. Finally, the level of administrative costs and fixed overheads outside the funding of charitable commitments is low, representing less than 3.4% of total expenditure and 3% of income in 2020 so servicing these costs when they fall due is not material to the wider going concern considerations. Accordingly, the Trustees believe that a material uncertainty does not exist and hence the going concern basis remains appropriate.

#### **RESERVES POLICY**

In light of the main financial risks set out in the 'Risk management' section of this report and the importance of the UK ensuring continuity of sufficient maritime training under any reasonably foreseeable set of circumstances (both in terms of new candidates and the financing of unforeseen funding variations for existing candidates), The Trustees agreed that the level of financial reserves is appropriate.

At 31 December 2020, after allowing for the balance of commitments of £4.03 million, the Foundation had £0.71 million of unrestricted funds as reserves.

The grant funding receivable from The Maritime Training Trust for the year to 31 December 2020 was £1.81 million (2019: £2.07 million). The positive performance of the MEF's investment portfolio partially offset the reduction in free reserves caused by the value of awards in the year exceeding income. The launch of the Strategic Plan continues to help widen its pool of potential beneficiaries in order to utilise substantial free reserves over a planned timescale. The Trustees agreed at the AGM in July 2020 to review the current portfolio. Two new fund managers were asked to present their thoughts on potential fund management solutions to the Trustees. No decision will be made on the new fund manager until the Covid-19 crisis is under control and there is less volatility in investment markets.

#### **INVESTMENT POLICY**

The Trustees developed an investment strategy for the Foundation. During 2020, Julius Baer maintained the portfolio as agreed by Trustees, within stated asset allocation guidelines for Fixed Income Bonds, Equities and Cash. Quarterly reports are received, and as at 31 December 2020, the investment portfolio had an open market value of £3.44 million (2019: £5.43 million).

#### **GRANT MAKING POLICY**

The Maritime Educational Foundation only awards grants to other organisations for proposed projects that are consistent with its objectives and principle aims. Grant applications are reviewed by the Trustees as an agenda item on their board meetings. As the approval process is not delegated to management the trustees have not felt the need to establish a formal policy as there are no awards approved on their behalf.

**THE MARITIME EDUCATIONAL FOUNDATION**  
**REPORT OF THE TRUSTEES (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**PLANS FOR FUTURE PERIODS**

The Trustees will continue to review and monitor the range of funding offered and projects supported throughout the year. With the implementation of SMarT Plus and the subsequent need to increase the required number of cadets trained annually, the MEF will be utilising more of our financial resources to raise the awareness of careers at sea and to support and influence the recruitment and retention of new talent into the Maritime industry.

**FUNDRAISING**

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. As set out earlier in this report and in note 2 to these financial statements, the only source of donations for the Foundation is a grant from the Maritime Training Trust. Accordingly the Foundation does not utilise any other professional fundraisers, commercial participators or third parties. The Foundation does not consider it necessary to comply with any voluntary code of practice, has received no complaints in relation to fundraising activities, nor does it consider it necessary to design specific procedures to monitor such activities.

**AUDITOR**

The auditors BDO LLP has indicated their willingness to continue in office and a resolution proposing their reappointment will be proposed at the AGM.

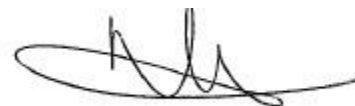
The Trustees (who are also the Directors) who held office at the date of approval of the Trustees' Report confirm that, so far as they are aware, there is no relevant audit information of which the Foundation's auditor is unaware; and each Trustee has taken all the steps that he or she ought to have taken as a Trustee and Director to make himself or herself aware of any relevant audit information and to establish that the Foundation's auditor is aware of that information.

The Trustees' Report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised for issue by the Trustees on 24 September 2021 and signed on their behalf by



.....  
David Appleton, Director



.....  
Michael Willis, Director



# **THE MARITIME EDUCATIONAL FOUNDATION**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the trustees annual 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 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE MARITIME EDUCATIONAL FOUNDATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE MARITIME EDUCATIONAL FOUNDATION**

**Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Maritime Educational Foundation ("the Charitable Company") for the year ended 31 December 2020 which comprise the statement of financial activities including income and expenditure account, the balance sheet, the statement of cash flows 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions related to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE MARITIME EDUCATIONAL FOUNDATION  
FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**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. The other information comprises: The Trustees' Report. 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.

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.

**Other Companies Act 2006 reporting**

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE MARITIME EDUCATIONAL FOUNDATION  
FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 determines 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 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**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 ISAs (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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Charity and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be Charities Acts, Companies Act 2006, UK GAAP, Charities SORP, and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meeting of those charged with governance;
- Reviewing on a sample basis income transactions recognised in the year to confirm existence and accuracy of the underlying transaction, in addition we have for all material income streams performed specific cut-off procedures to ensure income has been recognised in the correct period;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to going concern and the payment profile of liabilities; and

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE MARITIME EDUCATIONAL FOUNDATION  
FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted to cash and material journal adjustments.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://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.

DocuSigned by:  
  
C9A7C7386A35456...

Laurence Elliott (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, UK  
Date 02 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**THE MARITIME EDUCATIONAL FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £	<u>2019</u> £
<b>INCOME</b>			
Donations receivable	2	1,806,222	2,069,239
Interest receivable		315	535
Investment income	3	75,097	141,976
		<u>1,881,634</u>	<u>2,211,750</u>
<b>EXPENDITURE</b>			
<b>Cost of raising funds</b>			
Investment management costs		(28,813)	(39,611)
<b>Charitable expenditure</b>			
Donations payable in furtherance of the charity's objects	4	(400,000)	(900,000)
Other activities in furtherance of the charity's objects	4	(1,293,807)	(2,979,488)
<b>TOTAL RESOURCES EXPENDED</b>		<u>(1,722,620)</u>	<u>(3,919,099)</u>
<b>NET INCOME/ (EXPENDITURE) FOR THE YEAR</b>			
		159,014	(1,707,349)
<b>Net (losses)/gains on investments</b>		<u>(39,033)</u>	<u>451,013</u>
<b>NET MOVEMENT IN FUNDS</b>		119,981	(1,256,336)
<b>UNRESTRICTED FUNDS BROUGHT FORWARD AT 1 JANUARY 2020</b>		<u>588,677</u>	<u>1,845,013</u>
<b>UNRESTRICTED FUNDS BROUGHT FORWARD AT 31 DECEMBER 2020</b>		<u>708,658</u>	<u>588,677</u>

All amounts relate to continuing operations.

The charity has no gains or losses not included in the Statement of Financial Activities.

The notes on pages 15 to 19 form part of these financial statements

# THE MARITIME EDUCATIONAL FOUNDATION

## BALANCE SHEET

Registered Company Number 4251334  
AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> £	<u>2019</u> £
<b>FIXED ASSETS</b>			
Investments	7	3,435,224	5,427,973
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		667,111	149,183
Debtors and prepayments	8	638,313	1,319,239
<b>TOTAL CURRENT ASSETS</b>		1,305,424	1,468,422
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	9	(2,937,183)	(3,657,068)
<b>NET CURRENT LIABILITIES</b>		(1,631,759)	(2,188,646)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,803,465	3,239,327
Creditors: Amounts falling due after one year	9	(1,094,807)	(2,650,650)
<b>NET ASSETS</b>		708,658	588,677
<b>THE FUNDS OF THE CHARITY</b>			
Unrestricted funds		708,658	588,677

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved and authorised for issue by the Trustees on 24 September 2021 and signed on behalf of the board by:



.....  
David Appleton, Director



.....  
Michael Willis, Director

The notes on pages 15 to 19 form part of these financial statements

**THE MARITIME EDUCATIONAL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
Registered Company Number 4251334  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u>	<u>2019</u>
	£	£
<b>NET MOVEMENT IN FUNDS</b>	119,981	(1,256,336)
Decrease/(increase) in debtors	680,926	(604,077)
(Decrease)/increase in creditors	(2,275,728)	369,519
Income from fixed asset investments	(75,097)	(141,976)
Losses/(gains) on fixed asset investment	39,033	(451,013)
Investment fees paid	28,813	39,611
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(1,482,072)	(2,044,272)
Redemption of fixed asset investments	2,000,000	2,000,000
<b>NET MOVEMENT IN CASH DURING THE YEAR</b>	517,928	(44,272)
<b>CASH AT HAND AND IN BANK BROUGHT FORWARD</b>	149,183	193,455
<b>CASH AT HAND AND IN BANK CARRIED FORWARD</b>	<u>667,111</u>	<u>149,183</u>

No reconciliation of net funds has been prepared as the Foundation holds only cash and cash equivalents

The notes on pages 15 to 19 form part of these financial statements



**THE MARITIME EDUCATIONAL FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1 ACCOUNTING POLICIES**

The following accounting policies have been used in the preparation of the financial statements of the Maritime Educational Foundation:

**(a) Basis of preparation and assessment of going concern**

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost of transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Second Edition, applicable accounting standards and the Companies Act 2006.

The Foundation constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared on a going concern basis. The Trustees have considered, in light of the Covid-19 situation, the continued appropriateness of the going concern basis for these financial statements. The charity has net assets as the balance sheet date but net current liabilities and therefore in order to pay its debts as they fall due either MTT settles the year end debtor position and makes additional payments in 2021 or a drawn down from the investment portfolio would be required. The trustees have reviewed the assets held by the investment portfolio and note that the investments are all held in liquid assets that are traded daily on the relevant stock exchanges so do not foresee problems with the liquidity of the holding. While investment markets have been volatile in 2020 and 2021 due to the impact of the COVID-19 pandemic the valuation has never fallen to a level when MTT does not have sufficient liquid funds to cover all its debts. When awarding grants and new training commitments the Trustees are provided with the latest cash position as well as latest management accounts to enable them to ensure that commitments are not entered into that exceed the charity's ability to fund. Regarding funding commitments entered into at the balance sheet date, the full future amount of all future commitment is included in the financial statements so there are no additional debts that require settling other than included in the financial statements before the award of any new commitments in 2021. Finally, the level of administrative costs and fixed overheads outside the funding of charitable commitments is low, representing less than 3.4% of total expenditure and 3.1% of income in 2020 so servicing these costs when they fall due is not material to the wider going concern considerations. Accordingly, the Trustees believe that a material uncertainty does not exist and hence the going concern basis remains appropriate.

**(b) Income recognition**

Donations are recognised when the Foundation has been notified in writing of a commitment to make the donation.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

**(c) Expenditure recognition**

Resources expended are recognised in the year in which they are incurred and include attributable VAT which cannot be recovered. Expenditure on training contracts is recognised when the Foundation has entered into a legal or constructive obligation with a training provider as these are unconditional awards with no required interim reporting requirements. The Foundation only commits expenditures against donations notified

**THE MARITIME EDUCATIONAL FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**1 ACCOUNTING POLICIES (continued)**

**(d) Fund accounting**

Unrestricted funds are those that are freely available for use in pursuance of the general objects of the charity. All Maritime Educational Fund funds are unrestricted.

**(e) Fixed asset investments**

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Foundation does not acquire or use put options, derivatives or other complex financial instruments.

**(f) Realised gains and losses**

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

**(g) The Maritime Educational Foundation**

The Maritime Educational Foundation is a private company, limited by guarantee, domiciled in England and Wales, Company Registration Number 4251334, Registered Company Number 1100125. The registered office address is 30 Park Street, London, SE1 9EQ.

**2 DONATIONS AND GRANTS RECEIVABLE**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
Grant awarded by The Maritime Training Trust	1,806,222	2,069,239

**3 INVESTMENT INCOME**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
Investment income on funds invested in line with the charity's investment policy	75,097	141,976

**THE MARITIME EDUCATIONAL FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**4 CHARITABLE EXPENDITURE IN FURTHERANCE OF THE CHARITY'S OBJECTIVES**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
<b>Education and training of cadets</b>		
<b>Donations</b>		
J W Slater Memorial Fund: Supporting Rating to Officer conversion	<u>400,000</u>	<u>900,000</u>
<b>Training contracts and other educational activities</b>		
Training contract supporting undergraduates on approved Maritime Degree Courses	1,084,261	2,483,342
MNTB grants and sponsorship	(659)	179,866
Other educational grants and activities	110,451	168,695
Outward bound event	41,382	90,651
Allocated governance & support costs (note 5)	<u>58,372</u>	<u>56,934</u>
	<u>1,293,807</u>	<u>2,979,488</u>

**5 GOVERNANCE & SUPPORT COST COSTS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
Administration Expenses (gross of irrecoverable VAT)	51,616	50,898
Auditors' Remuneration (gross of irrecoverable VAT)	<u>6,756</u>	<u>6,036</u>
	<u>58,372</u>	<u>56,934</u>

**6 STAFF COSTS**

There were no employees during the year. None of the Trustees received any emoluments or expenses in respect of services to the charity.

**THE MARITIME EDUCATIONAL FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**7 FIXED ASSET INVESTMENTS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
<b>Movement in Fixed Asset Investments</b>		
Market Value at 1 January 2020	5,013,700	6,236,528
Add: Additions to investments at cost	2,020,446	1,552,903
Less: Disposals at carrying value	(3,705,185)	(3,151,130)
Add: Net gains/(losses) on revaluation	(90,474)	380,236
Add: Decrease in accrued interest on fixed interest securities	(2,615)	(4,837)
<b>Market Value at 31 December 2020</b>	<u>3,235,872</u>	<u>5,013,700</u>
<b>Investment at fair value</b>		
Equities and pooled equity funds	1,399,554	2,196,832
Fixed Interest Securities	<u>1,836,318</u>	<u>2,816,868</u>
Fair value of listed securities & equities	3,235,872	5,013,700
Cash held within the investment portfolio	<u>199,352</u>	<u>414,273</u>
<b>Total Fixed Asset Investments</b>	<u>3,435,224</u>	<u>5,427,973</u>

**8 DEBTORS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
Grant receivable from Maritime Training Trust	625,461	1,319,239
Prepayments	<u>12,852</u>	<u>-</u>
	<u>638,313</u>	<u>1,319,239</u>

**9 CREDITORS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Training contracts and career related activities	2,832,805	3,540,045
Other creditors - grants payable to MNTB	97,622	107,884
Accruals	<u>6,756</u>	<u>9,139</u>
	<u>2,937,183</u>	<u>3,657,068</u>
<b>Amounts falling due after one year:</b>		
Training contracts and career related activities	1,072,572	2,571,799
Other creditors - grants payable to MNTB	<u>22,235</u>	<u>78,851</u>
	<u>1,094,807</u>	<u>2,650,650</u>

**THE MARITIME EDUCATIONAL FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)**

**10 FUTURE COMMITMENTS**

There are no other future commitments other than those shown in note 9.

**11 RELATED PARTY TRANSACTIONS**

**Maritime Training Trust**

The board of Trustees of the Maritime Educational Foundation currently has the same membership as that of the Maritime Training Trust. The Foundation's purpose is to provide education and training in maritime skills for the British Shipping Industry which are financed by PILOT payments which are collected and then transferred to The Maritime Educational Foundation by the Maritime Training Trust.

In 2020 the Maritime Training Trust unconditionally agreed to award a grant of £1,806,222 (2019: £2,069,239) to the Maritime Educational Foundation to promote the charity in its primary charitable objectives.

**The Chamber of Shipping Limited**

The Chamber of Shipping Limited is responsible for maintain 50% of the Maritime Educational Foundation's Trustees.

The Chamber of Shipping Limited supplies project management and administration services to the Charity. Fees charged in respect of these services in the year totalled £51,600, inclusive of irrecoverable VAT (2019 fees: £50,838). In addition the MEF has agreed a number of grants to the Merchant Navy Training Board (MNTB), an arm of the Chamber of Shipping Limited. Variations to these existing grants in the year to MNTB totalled a credit of £659 in 2020 (2019: charge of £179,866), including any new grants made in the year.

One Maritime Educational Foundation Trustee (H R Sanguinetti) is employed by the Chamber of Shipping Limited.

**J W Slater Memorial Fund**

The Maritime Educational Foundation made donations to the J W Slater Memorial Fund in the year totalling £400,000 (2019: £900,000). A M Dickinson, a Trustee of the Maritime Educational Foundation, also acts as a Trustee for the JW Slater Memorial Fund. D Appleton, a Trustee of the Maritime Educational Foundation, is the Secretary of the JW Slater Memorial Fund.