

REGISTERED COMPANY NUMBER: 05342397 (England and Wales)
REGISTERED CHARITY NUMBER: 1111859

Trustees' Report and
Financial Statements for the Year Ended 31st January 2022
for
Challenge Wales



Challenge Wales

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Challenge Wales

Chair's Statement for the Year Ended 31st January 2022

I was honoured to be invited to accept the role of the Charity's first permanent chair in November 2021 and it gives me great pleasure to present the Trustees' report and Financial Statements for the year ended 31st January 2022. Whilst these statements, are of necessity "rear looking", the current year to 31st January 2023 will be one of significant change for the Charity as Captain Andrew Hall, our Founder, Principal and Skipper reaches a milestone birthday and officially retires from the Charity. There is no doubt that Challenge Wales would not be the award-winning Charity of today without his selfless efforts over the past 14 years.

Challenge Wales | Wales' Tall Ship was built by Devonport Yachts in 2000, and is one of 12 identical steel hulled yachts. She has sailed around the world twice in the Global Challenge 2000/2001 and the Global Challenge 2004/5, each race being some 29,000 nm. When the Charity acquired her in 2008, her condition reflected those sea miles. Andy has used his considerable experience as a Master Mariner to improve her condition working thousands of unpaid hours. He will also have enjoyed his 90 or so days at sea each year behind the wheel or at the chart plotter.

Andy will have witnessed the Charity's improving financial position from having net liabilities of c£100k in 2011 to net assets of £290k in 2022 (prior to revaluation reserves) and in December 2017, not content with having one yacht to maintain, the Charity bought *Adventure Wales* to assist delivery of the National Lottery funded "Voyages of Discovery" programme, to enable the Charity to be more accessible for service users due to the different nature of the vessel and to enable the Chairity to operate in different locations that compliment our sail training programme.

The Trustees have anticipated Andy's eventual retirement for a number of years and have developed a succession plan, part of which was my appointment, where I hope to bring my experience as a business coach and engineer to the table. I'm a keen dinghy sailor, and was the 2000 Class Welsh Champion in 2017. Although I have a sailing background, I am now developing my skills on a sail training vessel to be one of the volunteer crew team, enabling me to see at first hand youth work in action on the water and its impact.

The recent changes in the Board of Trustees mean that we have a dynamic team, with a wide range of knowledge and experience, who are keen to become actively involved in helping the Charity to achieve its potential, as much as we help young people to achieve theirs.

My thanks go to our office team, ably led by Vicky Williams, my fellow Trustees, all of our funders without whom we could not operate, and of course our amazing volunteers.



Helen Phillips
Chair

3rd October 2022

Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

The Trustees, who are also directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Charity for the year ended 31st January 2022. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 (effective 1 January 2019).

Objectives and activities

Objectives

The Challenge Wales charity works with young people aged 12 – 25 years on life-changing accredited personal development voyages to improve their prospects. This is achieved through activities delivered onboard the sail training vessels; *Challenge Wales* | *Wales' Tall Ship* and *Adventure Wales*

The vision that helps shape the focus of the Charity is; "To become the premier provider of youth development activities in Wales and the South West through sail training".

Mission statement

Challenge Wales' mission statement is; "To educate young people aged between 12 and 25 years in sail training and navigation so as to develop essential life skills including team development, communication, respect for others, self-confidence, self-esteem and interdependence enabling them to grow to full maturity as individuals and members of society and improving their conditions of life".

Significant activities

Activities on both yachts promotes the growth of group identity and personal self-confidence, enables achievement and success, places everyone on a level playing field and presents challenging experiences in a stimulating, positive, natural environment regardless of ability and background. Whether joining as an individual or as a group the aim is to give young people the opportunity they deserve to develop as positive citizens.

Challenge Wales is proud of its reputation in the youth work sector, particularly in Wales, for delivering innovative & effective services that are evidenced to be changing lives positively.

Sail training:

Youth development voyages range from 1 to 14 days. Sail training activity is central to the organisation with a mixture of groups and individuals using our services. Up to 10 young people (trainees) and up to two group leaders will join us from different organisations or up to 10 individuals (trainees) when coming on their own. Day voyages give a small taster into our more structured residential voyages which get the young people planning their activities, working as a team in watches, cooking and cleaning and running the boat with the volunteer crew, learning to take responsibility, developing new skills, facing new challenges, making friends and developing confidence.

The Charity runs a bursary scheme and through this is able to subsidise young people aged 12 - 25 years subject to them meeting the bursary criteria at the time. This funding is available for individuals whether joining as part of a group or on their own.

Fundraising voyages:

As a developing Charity receiving no government grants the Charity relies on fundraising voyages to help bring in revenue. These mainly take the form of one day big boat sailing days together with delivery voyages when the boat isn't used by youth groups. These voyages are also a critical part of our volunteer crew application process as every volunteer has to have sailed on Challenge Wales as a client before becoming a volunteer.

Accreditation and Awards:

Challenge Wales is a Sailability Centre and Training Centre with the Royal Yachting Association (RYA) and continues to be an Approved Activity Provider for the Gold Residential Duke of Edinburgh's Award (DofE). In 2022 Challenge Wales became an Approved Activity Provider for the Gold DofE Expedition section.

The Charity also offers Agored Cymru accreditation in Teamwork, Developing Own Confidence and Environmental Project. Challenge Wales is also a provider of the John Muir Award.

Challenge Wales is a member of CWVYS (Council of Wales Voluntary Youth Service), C3SC (Cardiff Third Sector Council), Youth Cymru and the Association of Sail Training Organisations (ASTO).

Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

Membership Scheme:

The Challenge Wales Membership Scheme is set up as a way to generate funds for the Charity.

The Public Benefit resulting from Sail Training

Various academic research has provided a wealth of evidence about the benefits of sail training voyages.

- A study of the Value of Sail Training undertaken by the University of Edinburgh found dramatic and measurable improvements in personal confidence and the ability to work with, and understand differences, of other people. These benefits were sustained over time after the voyage had ended.
- A study carried out by the University of Sydney found that Sail Training was capable of producing social capital in its participants, showing success in fostering networks and alliances.

An independent evaluation of Challenge Wales over three years as part of its '*Voyages of Discovery*' project and carried out by the Social Effectiveness Research Centre found that sail training improves teamwork & communication skills, social networks and confidence as well as mental health and wellbeing. The project created learning, progression routes and a value-for-money approach.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We review our aims, objectives and activities each year. This review looks back at what we achieved and the outcomes of our work in the previous year. This review helps us ensure our aims objectives and activities remain focused on our stated purposes.

Volunteering:

Challenge Wales wouldn't be the Charity it is without our amazing volunteers who donate their time to work with young people, become our crew on adult and fundraising voyages, maintain the boat and help us fundraise as well as providing us with a significant mix of skills, knowledge and expertise in various areas.

Those wishing to become volunteer crew have to have a volunteer qualifying assessment voyage to ensure they not only have the right skills but more importantly the right outlook for working with young people and the commitment. All those who become volunteers with Challenge Wales will require two successful character references followed by an enhanced DBS check which is carried out in a face-to-face meeting.

All volunteers also need to attend a shore-side volunteer induction as part of the volunteering process enabling them to learn about the Charity as much as we learn about the new volunteers. The Charity has changed its recruitment of volunteer crew from previously allowing people with no sailing experience to become (trainee) crew to insisting that volunteers have either Day Skipper qualifications, sailing experience and knowledge or experience in instructing / teaching. This has become an important move enabling those who are still inexperienced in sailing to become competent, confident and progress up the ranks while providing a slightly more experienced volunteer and filling the gaps left by volunteers who do not progress beyond that of a trainee.

Challenge Wales relies heavily on its volunteers for crewing and shore-side management of the Charity. Volunteers direct the affairs of Challenge Wales at board level, skipper and crew the boat, assist with maintenance, manage some of the administration tasks including book-keeping, as well as contributing to strategic planning and sub-committee/steering group activities. It is clear that Challenge Wales would not be the organisation it is today without its volunteers and the Charity continues to be greatly indebted to them.

Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

Achievement and performance:



This year has been a strange and challenging year for Challenge Wales as restrictions from the COVID-19 pandemic continued to impact on the charity's work.

Government restrictions in Wales, were different from those in England and with the boats operating in both those regions of the UK, this brought its own challenges and considerations.

This report will show how we have started to move forwards and adapted in a post-Covid world.

Sail training activities on the water are immersive, are challenging, involve decision making & planning, helping you deal with the unexpected and improve resilience and it's these attributes that have helped us as an organisation to deal with the year ahead – overcoming difficulties with enthusiasm and determination.

In March 2021 when socially distanced outdoor activities could resume, we were one of the first sail training organisations to welcome back young people. However, it was non-sailing activity and part of our Sea and Tell programme; a shore-based day of marine learning with a residential school in a 'bubble'. It was very restricted but an activity that we were able to undertake during the year with other groups as government restrictions further relaxed.

It wasn't until June 2021 that we were able to undertake our first sail training activity with young people, and we started operating with reduced numbers on the boat and strict Covid protocols in place.

Taking adults sailing on the boats is not just a way to fundraise and bring in income but is also part of the volunteer recruitment programme. Having not sailed during 2020 and early 2021 no new volunteers were being recruited. As a very limited adult programme started in late June we did see a few new volunteers starting to come through. However, many people were now cautious of being amongst others, had lost confidence, or had their personal circumstances change due to Covid and in 2022 we started to see the impact of fewer volunteer crew being available.

Although it was great to start operating in June, even though we weren't up to full capacity on the boats, we knew that in just a few months' time in September the sail training season naturally ends and we start winter maintenance so we knew we had an even shorter time frame for generating income to support the Charity, not just through the remainder of the summer, but until we restarted our sailing season in spring 2022.

Two staff members returned to the office, the Business Development Manager and Youth Development Officer and in March 2022 a new Admin Assistant joined the team, which is now at pre-covid levels of staffing.

Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

During 2021 we were successful in working with some new Local Authority partners on 'Summer of Fun' and 'Winter of Wellbeing' activities. These were funded via Welsh Government to improve the mental health of young people and to get them taking part in activities. We knew that the research undertaken by MIND and NHS showed that sail training fits into their 5 steps to wellbeing and this together with our own independent evaluation that showed sail training improved young people's mental health and their social networks meant we were able to reach into these small pots of funding.

As much as possible we continued to share our journey on social media platforms, we needed to keep our supporters, funders, beneficiaries and networks aware that we were now back operating and during July 2021 Challenge Wales and some of our amazing beneficiaries and volunteers were filmed for an ITV Wales programme 'Coast and Country' which shared the impact of our work with a national audience.

We still had a season of challenges which affected the charity's fundraising efforts. One of Challenge Wales' major fundraising sailing events 'Round the Island Race' in the Solent was taking place and Challenge Wales was taking part in it, but changes to English government Covid restrictions shortly before the event meant we had to pull out a few weeks before as we weren't able to have clients staying onboard. We also didn't run any open boat events or attend any maritime events where the public could explore the boat – these events would often bring in donations, new supporters and new volunteers and also an opportunity to meet up with current volunteers and funders to talk to them about the positive impact they are having on the lives of young people.

We aim to monitor the impact of our voyages through an Outcomes Wheel which measures the journey a young person goes on, whether it is a day or longer. The majority of young people taking part in Challenge Wales voyages evidenced improved mental health and physical wellbeing, improved teamwork abilities, improved confidence and self-esteem and improved social networks.

"We are so grateful to Challenge Wales for providing this experience for our young people. The young people reported feeling less isolated, having increased self-worth and confidence. The experienced built on their ability to be resilient and built on their leadership skills. The Challenge Wales staff and volunteers were all fantastic!! From start to finish, everybody went above and beyond for us providing us so much help, support and guidance. They were nothing short of brilliant with the young people, treating each person as an individual, ensuring their needs were met and that the young people felt supported throughout the day. Challenge Wales is a wonderful charity and the experience we had is unforgettable. We feel very privileged that we got to work with Challenge Wales and hope their work continues well into the future as they really do make such a difference".

Group Leader, Health Board

We were grateful to those funders who had allowed us to move unspent funding from 2020 to our 2021 programme enabling us to rebook in the young people's activities. As the summer season progressed, we were able to undertake a couple of weeks of residential voyages, taking part in the Association of Sail Training Small Ships Race with other sail training organisations which brought to the end a very short sail training season.

During the times the boats were not being used we undertook maintenance activities, with a very small number of volunteers and we are grateful to one of our Trustees, Andy Hall, who continued to look after the planned maintenance programme and spent many hours on the boats maintaining them.

As we headed into the autumn and 2022, Challenge Wales launched a new programme of Refresher Crew Training. It was evident having not sailed for a while, that many volunteers needed extra time on the boat to bring back their confidence and to understand what changes had happened since they last sailed. This programme put volunteers in good stead for the 2022 season.

Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

Our Amazing Volunteers

We say each year that Challenge Wales wouldn't be the charity it is without its team of super-duper, amazing volunteers, and that continues to be the case. They have continued to help the charity with maintenance activities to keep the boats ship-shape and being positive role models on the boat helping to deliver our sail training voyages.

Recruiting, developing, supporting, training and ensuring volunteers are at the heart of everything we do has been developed through following the Investing in Volunteers [national] Framework. The Charity continues, voluntarily, to benchmark itself against the Investing in Volunteers quality standard as it continues to develop, review and strengthen its volunteer programme processes and procedures.

The impact of COVID-19 has seen the number of volunteers as part of the Challenge Wales team reduce to around 80, and while some volunteers have limited time crewing with the Charity due to personal situations other volunteers have stepped up and donated more time than we would normally see. We are grateful for all the donated time that all our volunteers have given us and as 2022 progresses we continue with our volunteer management strategy to increase the number of volunteers during 2022 and into 2023.

The Challenge Wales Trustees understand that our volunteers lead busy lives, and lives have changed in a post-Covid world but we are still continually amazed at the passion, enthusiasm, support and commitment that our volunteers continue to offer and are a true credit to the Challenge Wales charity.

Governance and Decision Making

Challenge Wales is a Charitable Company Limited by Guarantee. Trustees usually meet each month, review all charity policies and operating procedures each year, administer the charity and have strategic control of the organisation.

In 2021 we welcomed a new Child Protection and Safeguarding Officer, providing fresh input and support to our already robust safeguarding procedures

Priorities and Developments for 2022

As this report is being written we are still living with the impact of COVID-19 and the increase in the cost of living that has impacted on the UK.

At the end of 2021, Captain Andy Hall – Trustee of Challenge Wales since its inception - stepped down and took on a role of volunteer CEO while continuing to Skipper the boats. Andy will be retiring in October 2022 and as such has meant the charity looking at its operating structure moving forwards. Andy undertook a huge amount of work as a volunteer behind the scenes with the maintenance programme and it was decided that the best way forwards for the charity is to create a new role of Marine Operations Manager (which is currently being recruited). Although this has an obvious financial impact on the charity, it is felt that this role will strengthen the organisation and help its growth over the coming years.

From March 2022, Challenge Wales became a provider of the John Muir Award. An Award which is inclusive and accessible which challenges people of all backgrounds to connect with, enjoy, take responsibility for and share their knowledge of the natural environment through a structured scheme of fun, adventure and exploration. The John Muir Award complements other Awards and Accreditation Challenge Wales offers including; Agored Cymru, DofE Residential & Expedition and RYA sailing qualifications.

In July 2022 the charity became an RYA Training Centre for shore-side courses, enabling another revenue stream to be created but also provide additional training and personal development opportunities for Challenge Wales volunteers

Challenge Wales

Trustees' Report for the Year Ended 31st January 2022

Challenge Wales continues to work with a range of young people from a variety of diverse backgrounds including:

- Current and former looked after children
- Rurally isolated young people
- Young Carers
- Young people with low skills/qualifications and literacy levels
- Those who are not in Employment, Education or Training (NEET's)
- Black and minority ethnic young people, including Travellers
- Young people who are homeless or at risk of homelessness
- Young people from economically deprived households
- Additional learning needs / learning disabilities (including SEN school groups)
- High educational achievers
- Young people with Mental Health Issues
- LGBTQ groups
- Those looking to improve their prospects in a marine career

And it is these young people we will be continuing to work with in 2022.

The work that Challenge Wales does continues to be aligned with a number of initiatives, policies and plans at local, national and UK government level. Most prominent at national level is the Welsh Government's Well-being of Future Generations Act (2015) with its seven well-being goals (for example that of creating a healthier and more equal Wales) as well some of the foundations of those goals in particular reducing inequality.

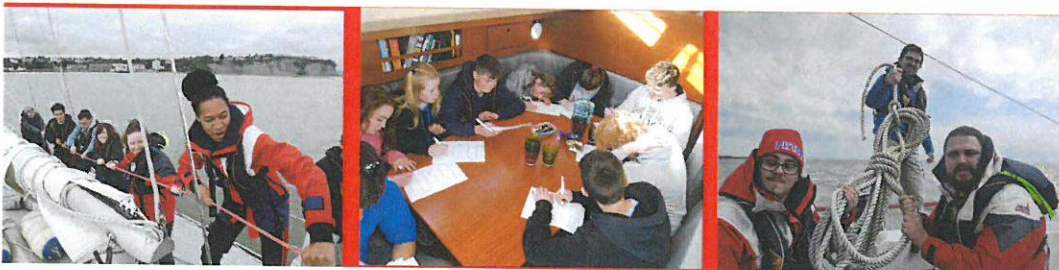
Our sail training programme enables young people and our volunteers to understand more about Ocean Literacy; the importance of the ocean's influence on us and our influence on the ocean. Learning about sustainability and the environment around us naturally happens within our activities and helps us, not just as an organisation but also all those coming onboard our vessels, make better informed and responsible decisions to help play a part in an important global issue

Activities are also relevant to the Youth Engagement and Progressions Framework, or more recently, the Youth Work Strategy for Wales which defines youth work as work which "offers young people opportunities for learning that are educative, expressive, participative, inclusive and empowering". Sail Training on our vessels certainly does that.

Thank You

In what has continued to be an unprecedented year, Challenge Wales would also like to thank the individual donors, trusts and funders who have believed in us and supported us. The outdoor residential world and young people's lives has certainly been rocked by COVID-19, but we know we couldn't have come through it without you. We'd like to thank again our volunteers and staff team and those who have shown their support through 2021.

Finally, we would like to pay our thanks to all the companies who provide us with help, assistance and services to enable us to do the work that we do. We really appreciate everyone's help and support and you are really making a difference to young people.



Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

Structure, governance and management

Governing document

The Charity, registration number 1111859, is a company limited by guarantee and governed by its Memorandum and Articles of Association. It received its charitable registration and became an incorporated company, number 05342397, on the 25 January 2005.

Recruitment and appointment of new Trustees

Potential Trustees are invited to attend one of Challenge Wales' Trustee meetings as an observer, although not a compulsory route to becoming a Trustee it is encouraged to give the potential trustee an insight into the Charity.

Trustees are appointed at any board meeting and are chosen from individuals interested in the work of the Charity. In an effort to maintain a diverse and skilled mix of Board members, Trustees are required to provide a list of their skills (and update it annually through a skills audit). This enables the Trustees to identify gaps in the board skills mix and address these.

Organisational structure

The Charity employs a Business Development Manager who oversees an Administration Assistant (when in post) and the Youth Development Officer. Other Trustees undertake finance and vessel management roles. The Charity also has a designated Child Protection and Safeguarding Officer and this role is currently undertaken by Peter Robinson.

The Charity has appointed a permanent Chair of the Board of Trustees, which is a volunteer role, as well as a Volunteer CEO to have oversight of the day to day operations of the charity

Induction and training of new Trustees

All new Trustees are already familiar with Challenge Wales' activities. New Trustees are provided with an induction pack which includes the Memorandum & Articles of Association, the current annual Report and Accounts, a copy of the previous board meeting minutes and links to the Charity Commission publications "The Essential Trustee" and "The Hallmarks of an Effective Charity". A Disclosure and Barring Service (DBS) check is undertaken following successfully receiving two character references.

Related parties

During the year Captain A.H. Hall, a Trustee of the Charity until 4 October 2021, was paid £6,720 (2021: £840) in respect of services provided to the Charity in his capacity as Skipper of *Challenge Wales* and *Adventure Wales*.

Registered office

Crown House
Windsor Road
CF64 1JG

Trustees during the year ended 31 January 2022

Captain A. H. Hall M.M, M.N.I.

Mr L. B. Creaven

Ms V. Williams B.A.(Hons), M.A., M.I.D.M., M.C.I.M., Chartered Marketer

Mr D. P. Chapman B.A., F.C.A., DChA

Mr R.L. Bright B.Sc

Mr D. K. Evans

Ms H Phillips MSc, B.Sc (Eng) (Hons), ACGI

Dr C. W. Sandom B.Eng (Hons), MSc, PhD CErg, CErgHF, FIET

Ms K. Mason B.A. (Hons), M.Sc (Econ), MIHSM

Retired 4 October 2021

Resigned 1 April 2021

Resigned 9 November 2021

Appointed 4 October 2021

Appointed 11 November 2021

Independent examiner

Haines Watts Wales LLP
7 Neptune Court
Vanguard Way
Cardiff, CF24 5PJ

Bankers

Barclays Bank Plc
Port Talbot, West Glamorgan, SA13 1LJ

Challenge Wales
Trustees' Report
for the Year Ended 31st January 2022

Financial review

Results

The Charity reports a surplus on unrestricted funds for the year amounting to £26,866 (2021: deficit £93,666). This has resulted in the level of unrestricted funds carried forward to next year increasing from £529,279 to £556,145 (2021: £435,613 to £529,279). These unrestricted funds include a revaluation reserve amounting to £286,961 (2021: £286,961), which arose from the revaluation of the Challenge Wales yacht.

Restricted funds brought forward and amounts received during the year have been fully expended in the year with the exception of those stated in note 17 to the accounts,

Investment policy and objectives

The Charity has no investment powers except to place any surplus funds into deposit accounts.

Reserves policy

It is the policy of the Trustees to maintain adequate unrestricted funds to ensure that they are able to provide for the continuance of sail training activities should grant funding not be able. The Trustees are currently looking into ways to improve the available reserves. Once the investment in fixed assets and investments is taken into consideration, the Charity had available free funds (excluding unrestricted long term creditors) of £120,637 (2021: £93,400). This reflects the support given to the Charity by both Government and its principal providers of grant finance at the start of the COVID-19 pandemic.

Approved by order of the board of Trustees on 3rd October 2022 and signed on its behalf by:


.....
D. P. Chapman, B.A. F.C.A. Dip ChA – Trustee & Treasurer

Independent Examiner's Report to the Trustees of Challenge Wales

I report to the Charity Trustees on my examination of the accounts of the charitable company for the year ended 31st January 2022 set out on pages eleven to twenty three.

Responsibilities and basis of report

As the Trustees of the charitable company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charitable company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination.

I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Mr Stephen Lucey
FCA
Haines Watts Wales LLP
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

10 October 2022

Challenge Wales

Statement of Financial Activities (incorporating an Income and Expenditure account) for the Year Ended 31st January 2022

		Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
	Notes				
Income and endowments from					
Donations and legacies		7,658	-	7,658	18,466
Charitable activities	4				
Core funding		49,991	76,198	126,189	169,046
Investment income	3	9	-	9	22
Other income	2	206	-	206	-
HMRC Corona Virus Job Retention Scheme		13,256	-	13,256	36,844
Total		<u>71,120</u>	<u>76,198</u>	<u>147,318</u>	<u>224,378</u>
Expenditure on					
Raising funds		140	-	140	600
Charitable activities					
Core funding		<u>44,114</u>	<u>90,534</u>	<u>134,648</u>	<u>112,275</u>
Total		<u>44,254</u>	<u>90,534</u>	<u>134,788</u>	<u>112,875</u>
Net income		26,866	(14,336)	12,530	111,503
Other recognised gains					
Gain on revaluation of fixed assets		-	-	-	-
Net movement in funds		<u>26,866</u>	<u>(14,336)</u>	<u>12,530</u>	<u>111,503</u>
Reconciliation of funds					
Total funds brought forward		529,279	42,522	571,801	460,298
Transfer between funds		-	-	-	-
Total funds carried forward		<u>556,145</u>	<u>28,186</u>	<u>584,331</u>	<u>571,801</u>

The notes on pages 14 to 23 form part of these financial statements

Challenge Wales

Balance Sheet At 31st January 2022

		Unrestricted funds	Restricted funds	2022 Total funds	2021 Total funds
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10	559,515	-	559,515	552,981
Investments	11	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
		559,615	-	559,615	553,801
Current assets					
Stock		400	-	400	400
Debtors	12	44,361	-	44,361	15,852
Cash at bank and in hand		<u>106,033</u>	<u>28,186</u>	<u>134,219</u>	<u>168,578</u>
		150,794	28,186	178,980	184,830
Creditors					
Amounts falling due within one year	13	<u>(30,157)</u>	<u>-</u>	<u>(30,157)</u>	<u>(36,845)</u>
Net current assets		<u>120,637</u>	<u>28,186</u>	<u>148,823</u>	<u>147,985</u>
Total assets less current liabilities		680,252	28,186	708,438	701,066
Creditors					
Amounts falling due after more than one year	14	<u>(124,107)</u>	<u>-</u>	<u>(124,107)</u>	<u>(129,265)</u>
Net assets		<u>556,145</u>	<u>28,186</u>	<u>584,331</u>	<u>571,801</u>
Funds	17				
Unrestricted funds				556,145	529,279
Restricted funds				<u>28,186</u>	<u>42,522</u>
Total funds				<u>584,331</u>	<u>571,801</u>

The notes on pages 14 to 23 form part of these financial statements

Challenge Wales

Balance Sheet - continued At 31st January 2022

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st January 2022.

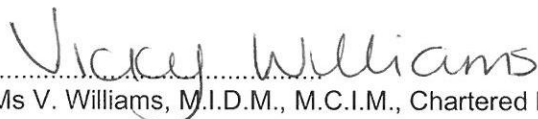
The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31st January 2022 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for


- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard 102 (effective January 2019).

The financial statements were approved by the Board of Trustees on 3rd October 2022 and were signed on its behalf by:


.....

Ms V. Williams, M.I.D.M., M.C.I.M., Chartered Marketer


.....

Mr D. P. Chapman, B.A., F.C.A., DChA –Trustee & Treasurer

Company Number 05342397

**Notes to the Financial Statements
for the Year Ended 31st January 2022**

1. Accounting policies

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The financial statements have been prepared on a going concern basis. The Trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on the current resources available, the Trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement in accordance with the Financial Reporting Standard 102 (effective January 2019).

Income

Donations are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Incoming resources from tax reclaims are included in the statement of financial activities at the same time as the gift to which they relate.

Investment income is recognised on a receivable basis.

Grants receivable for revenue purposes are credited to the income and expenditure account when they become due. Capital grants, received to fund the purchase of fixed assets, are held in a restricted fund and transferred to general funds over the expected useful life of the related assets.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are the costs of goods for resale.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Raising funds

Raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs include costs of the preparation and examination of the statutory accounts and the cost of any legal advice to Trustees on governance or constitutional matters.

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

1. Accounting policies - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost, less residual value, of each asset over its estimated useful life. Depreciation commences from the date an asset is fully commissioned.

- Challenge Wales Yacht 20 years
- Adventure Wales Yacht 10 years
- RIB safety boat 10 years

Fixed assets purchased from unrestricted funds and with an initial value of over £1,000 are capitalised at cost. All Fixed assets purchased from restricted funds are capitalised at cost.

Taxation

The company is a registered Charity and all of its income is primary purpose and is therefore exempt from taxation.

Operating leases

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

Investments

Fixed asset investments are included at market value at the balance sheet date.

Stock

Stock comprises of fuel bunkered on Challenge Wales and is valued at cost.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

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.

Functional currency

The Company's functional and presentation currency is the pound sterling.

2. Other trading activities

	2022 £	2021 £
Sundry income and merchandise	206	-
	<u>206</u>	<u>-</u>

3. Investment income

	2022 £	2021 £
Deposit account interest	9	22
	<u>9</u>	<u>22</u>

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

4. Income from charitable activities

		2022	2021
	Activity	£	£
Membership subscriptions	Core funding	8,347	7,491
Sail days and training courses	Core funding	505	177
Sail Training Activities	Core funding	19,852	9,112
Reardon Smith Nautical Trust	Core funding	10,000	-
Reardon Smith Nautical Trust	Centenary grant	20,000	-
Reardon Smith Nautical Trust	COVID funding	-	5,000
Garfield Weston	Core funding	20,000	-
Wales Council for Voluntary Action	Core, capital and COVID funding	14,063	42,187
ASTO	Core and COVID funding	5,750	77,917
National Lottery Community Fund	Core funding	9,307	-
Welsh Government -ERF	COVID funding	2,500	-
Welsh Government – Outdoor activities	COVID funding	6,250	-
Soroptimist International Barry & District	Core funding	-	1,000
Millenium Stadium Charitable Trust	Core funding	-	2,500
Joseph Levy Foundation	Core funding	3,000	-
Crystal Lodge	Core funding	1,000	-
Glamorgan Voluntary Services	COVID funding	-	262
BBC Children in Need	Core funding	-	9,600
Sports Council for Wales	Capital funding	1,263	1,500
Sail Training International	Core funding	2,815	300
Vale of Glamorgan Council	COVID funding	-	12,000
Co-Operative	Core Funding	1,537	-
		<u>126,189</u>	<u>169,046</u>

5. Support costs

	Other	Governance costs	Totals
	£	£	£
Core funding	<u>12,927</u>	<u>1,495</u>	<u>14,422</u>

Support costs, included in the above, are as follows:

	2022	2021
	£	£
Property rent and rates	9,723	8,805
Light, heat and water	633	823
Telephone	287	464
Accountancy and legal fees	1,495	1,300
Office consumables	628	296
Marketing	948	580
Office repairs and small equipment	708	-
	<u>14,422</u>	<u>12,286</u>

6. Net income

Net income is stated after charging:

	2022	2021
	£	£
Depreciation - owned assets	5,776	5,570
Hire of life rafts	1,696	2,311
Operating leases	7,800	7,800
Loan interest	7,406	6,217
Independent Examiner's fee	1,345	1,300

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

7. Analysis of staff costs, trustee remuneration and expenses and the costs of key management personnel

	2022	2021
	£	£
Salaries and wages	53,757	48,274
Social security costs	4,341	3,450
Pension costs	<u>1,094</u>	<u>901</u>
	<u>59,192</u>	<u>52,625</u>

The key management personnel of the Charity comprise the Trustees. The total employee benefits of the key management personnel of the Charity were £35,200.

Ms V Williams, a Trustee has a two year contract of employment with the Charity and received a salary of £35,200 (2021: £30,405) in respect of her services as Marketing and Business Development Manager. This remuneration is made by way of provision in the Charity's governing documents.

During the year Captain A.H. Hall, a Trustee of the Charity until 4 October 2021, was paid £6,720 (2021: £840) in respect of services provided to the Charity in his capacity as Skipper of Challenge Wales and Adventure Wales.

None of the other Trustees received remuneration or expenses in this or the previous year. No employees received emoluments in excess of £60,000.

8. Staff numbers

The average monthly number of employees during the year was as follows:

	2022	2021
Business Development and Administrative support	2.0	2.0
Ship's skippers and mates	<u>-</u>	<u>-</u>
	<u>2.0</u>	<u>2.0</u>

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

9. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	Total funds £
Income and endowments from			
Donations and legacies	18,466	-	18,466
Charitable activities			
Core funding	34,780	134,266	169,046
Other trading activities	22	-	22
HMRC Coronavirus Job Retention	<u>36,844</u>	<u>-</u>	<u>36,844</u>
Total	90,112	134,266	224,378
Expenditure on			
Raising funds	600	-	600
Charitable activities			
Core funding	<u>(4,154)</u>	<u>116,429</u>	<u>112,275</u>
Total	3,554	116,429	112,875
Net income and Net movement in funds	<u>93,666</u>	<u>17,837</u>	<u>111,503</u>
Reconciliation of funds			
Total funds brought forward	435,613	24,685	460,298
Transfer between funds	-	-	-
Total funds carried forward	<u>529,729</u>	<u>42,522</u>	<u>571,801</u>

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

10. Tangible fixed assets

	Challenge Wales Yacht £	Adventure Wales Yacht £	Other equipment £	Total £
Cost or valuation				
At 1 February 2021	472,310	168,956	1,250	642,516
Additions	6,533	2,777	3,000	12,310
At 31 January 2022	<u>478,843</u>	<u>171,733</u>	<u>4,250</u>	<u>654,826</u>
Depreciation				
At 1 February 2021	78,015	10,270	1,250	89,535
Charge for the year	981	4,495	300	5,776
At 31 January 2022	<u>78,996</u>	<u>14,765</u>	<u>1,550</u>	<u>95,311</u>
Net Book Value				
At 31 January 2022	<u>399,847</u>	<u>156,968</u>	<u>2,700</u>	<u>559,515</u>
At 31 January 2021	<u>394,295</u>	<u>158,686</u>	=	<u>552,981</u>

Challenge Wales Yacht is held on a revalued basis (plus additions at cost) less accumulated depreciation, being revalued at appropriate intervals. The current valuation for the Challenge Yacht of £450,000 was carried out by YSC Surveys (Yacht & Small Craft Surveying) on 30 January 2015.

The historical cost amounts to £226,493 on which depreciation of £97,088 has been charged.

The Adventure Wales Yacht is held at cost less accumulated depreciation.

11. Fixed asset investments

	Shares in group undertakings £
Market value	
At 1st February 2021 and 31st January 2022	<u>100</u>
Net book value	
At 31st January 2022	<u>100</u>
At 31st January 2021	<u>100</u>

There were no investment assets outside the UK.

The shares in group undertakings represent a 100% holding of the issued share capital of Challenge Wales (Sales) Limited, a company incorporated in England and Wales, registered number 08049080. The following amounts are derived from the unaudited accounts of Challenge Wales (Sales) Limited for the year ended 31 January 2022.

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

11. Fixed asset investments (continued)

	2022	2021
	£	£
Turnover	10,809	357
Total expenditure	(762)	(306)
Net profit for year	<u>10,047</u>	<u>51</u>
Total assets	13,565	2,819
Total liabilities	<u>(3,418)</u>	<u>(2,668)</u>
Shareholders' funds	<u>10,147</u>	<u>151</u>

12. Debtors: amounts falling due within one year

	2022	2021
	£	£
Trade debtors	31,421	728
VAT	836	1,857
Prepayments and accrued income	<u>12,104</u>	<u>13,267</u>
	<u>44,361</u>	<u>15,852</u>

13. Creditors: amounts falling due within one year

	2022	2021
	£	£
Other loans	17,711	23,757
Trade creditors	1,929	1,427
Amounts owed to group undertakings		588
Social security and other taxes	3,860	6,388
Accruals and deferred income	<u>6,657</u>	<u>4,685</u>
	<u>30,157</u>	<u>36,845</u>

14. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Other loans - 1-2 years	18,150	32,140
Other loans - 2-5 years	35,925	97,125
Other loans – over 5 years	<u>70,032</u>	<u>-</u>
	<u>124,107</u>	<u>129,265</u>

The repayment profile of the other loans reflects the loan schedules in force with the Wales Council for Voluntary Action.

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

15. Operating lease commitments

The following operating lease payments are committed to be paid:

	2022 £	2021 £
Expiring:		
Within 1 year	10,800	5,850
Within 2 to 5 years	<u>36,600</u>	<u>-</u>

16. Secured debts

The following secured debts are included within creditors:

	2022 £	2021 £
Other loans	<u>98,787</u>	<u>113,645</u>

Other loans are secured by way of statutory ship's mortgage and deed of covenant dated 3 April 2008.

17. Movement in funds

	At 1.2.21 £	Net movement in funds £	Transfers between funds £	At 31.1.22 £
Unrestricted funds				
General fund	242,318	26,866	-	269,184
Revaluation reserve	<u>286,961</u>	<u>-</u>	<u>-</u>	<u>286,961</u>
	529,279	26,866	-	556,145
Restricted funds				
Sail Training International	3,110	(3,110)	-	-
Wales Council for Voluntary Action	27,312	(27,312)	-	-
BBC Children in Need	9,600	(9,600)	-	-
Millenium Stadium Charitable Trust	2,500	(2,500)	-	-
National Lottery Awards for All		8,186	-	8,186
Reardon Smith Nautical Trust		<u>20,000</u>	<u>-</u>	<u>20,000</u>
	<u>42,522</u>	<u>(14,336)</u>	<u>-</u>	<u>28,186</u>
TOTAL FUNDS	<u>571,801</u>	<u>12,530</u>	<u>-</u>	<u>584,331</u>

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

17. Movement in funds - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	<u>49,991</u>	<u>(44,114)</u>	<u>5,877</u>
Restricted funds			
ASTO	5,750	(5,750)	-
BBC Children in Need	-	(9,600)	(9,600)
Joseph Levy Foundation	3,000	(3,000)	-
Wales Council for Voluntary Action	14,063	(41,375)	(27,312)
Sail Training International	2,815	(5,925)	(3,110)
Garfield Weston	20,000	(20,000)	-
Sports Council for Wales	1,263	(1,263)	-
The National Lottery Awards for All	9,307	(1,121)	8,186
Millenium Stadium Charitable Trust	-	(2,500)	(2,500)
Reardon Smith Nautical Trust	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	76,198	(90,534)	(14,336)
TOTAL FUNDS	<u>126,189</u>	<u>(134,648)</u>	<u>(8,459)</u>

Unrestricted funds

General funds that are available for use at the Trustees' discretion in furtherance of the objectives of the Charity. Revaluation reserve relates to the Challenge Wales Yacht, this was reduced annually in-line with depreciation.

Restricted funds

- ASTO - a bursary received for those taking part in sail training voyages.
- BBC Children in Need - provided part funding for young carers to undertake sail training.
- Wales Council for Voluntary Action – Resilience Fund grant to support charities during the COVID -19 pandemic
- Sail Training International – provided funding for accredited sail training voyages.
- Garfield Weston – provided support grant towards core operating costs
- Sports Council for Wales grant – funding used to purchase equipment for Adventure Wales.
- Millenium Stadium Charitable Trust – provided funding for accredited sail training voyages.
- The National Lottery Awards for All – providing funds for volunteer training and expenses
- Joseph Levy Foundation - Providing funding for sail training voyages with young people who are autistic or have Cystic Fibrosis
- Reardon Smith Nautical Trust – provided funding to assist young people obtain sailing qualifications,

Challenge Wales

Notes to the Financial Statements - continued for the Year Ended 31st January 2022

17. Movement in funds - continued

Transfers between funds

Depreciation on revalued assets is transferred from the revaluation reserve to unrestricted funds in-line with the Charity's depreciation policy.

18. Related party disclosures

Wages and salaries

One of the Trustees has a two year contract of employment with the Charity and received a salary of £35,200 (2021: £30,405).

Trustee Memberships

During the year ended 31 January 2022 the Trustees and family members collectively paid £685 (2021: £600) for annual membership of the Charity.

Trustee Donations

During the year the Charity received donations from Trustees totalling £432 (2021: £2,050).

Transactions with Subsidiary

During the year ended 31 January 2022 the Charity received £51 (2021: £11,047) by way of Gift Aid donation from its' trading subsidiary Challenge Wales (Sales) Limited.

Skipper's Fees

During the year Captain A.H. Hall, a Trustee of the Charity until 4 October 2021, was paid £6,720 (2021: £840) in respect of services provided to the Charity in his capacity as Skipper of Challenge Wales and Adventure Wales.

19. Member's liability

The Charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the Charity in the event of liquidation.

Challenge Wales

Detailed Statement of Financial Activities for the Year Ended 31st January 2022

	2022 £	2021 £
Income and endowments		
Donations and legacies		
Third party donations	5,227	3,449
Gift aid	2,380	1,920
Challenge Wales (Sales) Limited	51	11,047
Private Donations	-	2,050
	<u>7,658</u>	<u>18,466</u>
Investment income		
Deposit account interest	<u>9</u>	<u>22</u>
Charitable activities		
Membership subscriptions	8,347	7,491
Crew fees	505	177
Sail Training Activities	19,852	9,112
Reardon Smith Nautical Trust – sail training bursary	10,000	-
Reardon Smith Nautical Trust – general grant	20,000	5,000
Garfield Weston	20,000	-
Wales Council for Voluntary Action	14,063	42,187
Welsh Government ERF funding	2,500	-
Welsh Government Outdoor Activities grant	6,250	-
ASTO	5,750	77,917
The National Lottery Community Fund-Awards for All	9,307	-
Soroptomist	-	1,000
Millenium Stadium Charitable Trust	-	2,500
Sail Training International	2,815	300
Co-Operative	1,537	-
BBC Children in Need	-	9,600
Crystal Lodge	1,000	-
Sports Council for Wales	1,263	1,500
Joseph Levy Foundation	3,000	-
Vale of Glamorgan Council	-	12,000
Glamorgan Voluntary Services Comic Relief	-	262
	<u>126,189</u>	<u>169,046</u>
Other income		
Sundry income	<u>206</u>	<u>-</u>
	206	-
HMRC Corona Virus Job Retention Scheme	13,256	36,844
Total incoming resources	147,318	224,378

This page does not form part of the statutory financial statements

Challenge Wales
Detailed Statement of Financial Activities
for the Year Ended 31st January 2022

	2022	2021
	£	£
Expenditure		
Charitable activities		
Wages	59,192	52,625
Skipper and mates' fees	8,700	840
Insurance	7,341	7,110
Postage and stationery	19	159
Sundries	674	1,211
Offshore costs	18,394	15,643
Boat repairs and maintenance	7,256	6,615
Onshore storage costs	272	816
Marine Charts and publications	337	72
Subscriptions and donations	1,561	517
Travel and subsistence	387	64
Computer and software	2,429	1,645
Depreciation of Vessels and other equipment	5,776	5,571
Bank and other loan interest	7,406	6,217
Staff and volunteer training	-	581
Course accreditation, monitoring and evaluation	300	-
	<hr/> 120,044	<hr/> 99,686
Support costs		
Other		
Property rent and rates	9,723	8,999
Light, heat and water	633	823
Telephone	287	464
Office consumables	628	296
Marketing	948	580
Office repairs and maintenance	708	-
Bank charges	182	127
	<hr/> 13,109	<hr/> 11,289
Governance costs		
Accountancy and legal fees	1,495	1,300
Fund raising costs	140	600
	1,635	1,900
Total resources expended	<u>134,788</u>	<u>112,875</u>
Net income	<u>12,530</u>	<u>111,503</u>

This page does not form part of the statutory financial statements