

REGISTERED IN ENGLAND AND WALES NUMBER: 00567460

CHARITY NUMBER: 314229



REPORT AND ACCOUNTS

FOR THE YEAR ENDED

28 FEBRUARY 2021

TALL SHIPS YOUTH TRUST

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TALL SHIPS YOUTH TRUST

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 28 FEBRUARY 2021

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

Charity Number	314229
Company Number	00567460
Principal Office	2A The Hard, Portsmouth, PO1 3PT
Vice-Patrons	Admiral of the Fleet the Lord Boyce KG GCB OBE DL Mr I A Carruthers Mr P Coleman Mr D de Laszlo DL Lord Grade CBE Lord Greenway Mr M Le May Mr J Lennox Mr O Michaelson Mr D Tydeman Mr T Vokos Mrs C Williams
Trustees	Mr D Aisher, Chairman Mr N Andrews Mrs E Bradshaw (appointed 18 December 2020) Mr P D'Ornano Mr S Edwards Mr N Jones (Resigned 10 May 2021) Mr P McDanell Rear Admiral R Melly Miss K Nazarin Mr M Wippell (Resigned 31 May 2021)
Chief Executive	Mr A Floyd (Appointed 18 October 2021) Rear Admiral R Leaman-Grey CB OBE (Resigned 14 August 2021)
Company Secretary	Mr P Taylor
Auditors	Moore (South) LLP 9 St John's Place Newport Isle of Wight PO30 1LH
Bankers	Clydesdale Bank Plc Gatwick Business and Private Banking Centre 5 Peveril Court 6-8 London Road Crawley West Sussex RH10 8JE

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

Chairman's Introduction

There is no doubt that 2020/21 was one of the more challenging years in the Trust's recent history. As was the case for many charities, the Covid pandemic severely affected our operations and our ability to deliver our charitable mission.

Young people from disadvantaged backgrounds have been disproportionately impacted by the pandemic. Education has been disrupted and employment and life prospects have been severely affected.

Unfortunately, despite the massively increased need for our life-changing youth development work, the Government's lockdown measures meant we were unable to run residential voyages from the end of March 2020 and this continued throughout the 2020-21 financial year. We therefore had to prioritise reducing our overheads whilst working to sustain our fundraising income. Our vessels were laid up for most of the year, and the continued uncertainty with regard to restart dates made it difficult for staff, crew, as well as the young people we seek to help.

However, I am pleased to report that, despite this disruption, we remain well placed to resume our mission. As a result of prudent cost saving measures, coupled with innovation and dedication from our fundraisers, we have managed to report another financial surplus for the year. At the time of writing, we are now fully operational in terms of residential sailing and have all our staff and crews back in place.

Since the financial year-end, we have said goodbye to our CEO, Rear Admiral Richard Leaman-Grey, who served the Tall Ships Youth Trust between May 2017 and August 2021. Taking over at a time of significant financial challenge, the Trust generated operating surpluses for three years in a row under his leadership, whilst still maintaining the number of disadvantaged young people that we support each year until Covid hit. Richard carried out his duties with commitment and passion and played a key role in helping the charity to continue to support young people to reach their potential in life.

We are pleased to welcome Alastair Floyd as Richard's replacement as CEO. Alastair has had 15 years in the culture and charity sectors after having spent 20 years in the Royal Marines, RAF and leading roles in UK defence.

We have much to feel positive about in the foreseeable future. Our financial position is stable, our donors are passionate about our mission, and we are well set to scale up our supporter base and demonstrate our unique achievements to a national audience. We are also committed to increasing our fleet capacity, to respond to the increased demand. We will do this by seeking to take on an additional vessel of a similar size to those that we already have, as this model has proved to be the most efficient. However, this will require us to grow our fundraising capacity, notably through the new "LifeChanger Appeal" which launched in October 2021. Alastair Floyd is well placed to help us in this regard.

Finally, I would like to thank all our staff, sailing crew, volunteers, donors, partners, trustees and vice patrons for their incredible support and dedication throughout this year. The fact that we are again able to deliver a vital service to our beneficiaries – despite all the challenges caused by the pandemic – is because of each and every one of you.

David Aisher
Chair of Trustees, Tall Ships Youth Trust

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

HISTORY

Tall Ships Youth Trust, formerly known as The Sail Training Association, is the UK's oldest and largest sail training charity dedicated to the personal development of young people aged 12 to 25 years.

Formed in 1956, more than 120,000 trainees have sailed over 2 million nautical miles on our vessels. The Trust has built a peerless reputation for delivering outstanding results with young people, most of whom have had an extremely challenging start to their lives.

VISION, MISSION, VALUES AND PURPOSE

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

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

Although our charitable mission is based on giving life-changing experiences to disadvantaged young people, we accept young people of all abilities and backgrounds, based around the values of **inclusion, adventure, and excellence**.

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

Our **Purpose** is to increase young people's life chances and well-being by supporting them to develop their independent living skills, build self-esteem and aspirations, embrace a healthier more active lifestyle, and get involved in volunteering. We do this using ocean-going 'residential youth centres'. The Trust's current fleet comprises four 72ft ocean going yachts, and a 46ft ketch. The development of young people – particularly those who are disadvantaged – is central to everything we do, and we are proud of our reputation amongst education and youth work professionals for delivering effective, high quality services to young people.

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

OUR BENEFICIARIES

It's widely accepted that young people from disadvantaged backgrounds do not always have the same opportunities in life as their more affluent peers and can often feel that they are being defined only by their circumstances. In addition, the impact of Covid and subsequent government restrictions relating to the pandemic have been particularly severe on them.

Many of our beneficiaries had to spend lockdown in unsafe or unhappy environments, often in cramped conditions and with no access to outside space. They have been socially isolated and the disruption to their education is unprecedented. Consequently, the mental health of many of these young people has deteriorated significantly.

A Tall Ships voyage equips young people with life skills and confidence which can be transferred to their everyday lives to help them overcome their problems and thrive. Our highly professional and empathetic crew give them support and encouragement and this helps them to be able to demonstrate their true potential, which gives them a real sense of worth and will help them to move on from the pandemic in a positive way.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

IMPACT

We work with very diverse groups of people, from all over the country. They are often referred to us by third-party youth organisations including special needs schools, pupil referral units, youth offending teams, youth projects and children's services. Working in this way ensures a continuum of care for the young people, beyond their Tall Ships experience.

Disadvantaged and disabled young people now represent 75% of the young people we work with. Some of the challenges these young people face include learning, physical or mental difficulties; behavioural, emotional or social difficulties. In addition, some are young carers; from ethnically diverse backgrounds; not in employment, education or training, or on the cusp of or already involved in the criminal justice system.

We are meticulous about measuring the impact of our voyages. Post-voyage evaluations carried out in 2019 from our young people indicate:

- 96% reported improved team working skills as a result of their voyage
- 94% reported improved communication skills
- 93% reported increased confidence and self-esteem
- 91% reported improved problem-solving skills
- 90% reported improved leadership skills
- 93% felt they were able to manage their own feelings better

Youth workers, employers, parents, teachers tell us¹ the impact on voyagers from their perspective is:

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

Although we were unable to run residential voyages during much of 2020-21, we know from previous surveys undertaken in 2019 that our work is impactful. A survey of 665 young people showed that a remarkable 97% of our young voyagers have gone into or are still in Education, Employment or Training.

Jo Bradley-Fortune, Director of Corporate Development and Fundraising, Notts YMCA: "In 2019 we took 8 groups of young people totalling over 70 in number that worked together to circum-navigate the British Isles. The young people were from a range of backgrounds and ages from across Newark – the 23rd most deprived local authority in the country. The young people said it was 'life changing, amazing, scary, challenging, wonderful'. To witness these young people, who see every day as a challenge, becoming emboldened, brave and resilient young people in just a matter of days was incredible.

Graham Blair, Head of Campus, Mayesbrook Park School, an alternative provision school. "Our first trip with Tall Ships Youth Trust was two years ago and it proved what a difference your voyages make. Following the four-night voyage, five out of seven of the students who attended went back into mainstream school. The experience instils trust and responsibility in the young people. It's often their first time away from home and the first time they've been given trust and responsibility, which raises their expectations, and they work as a team with routine and structure. It gives them a sense of purpose".

Jane O'Sullivan, Enrichment Manager – Engagement, George Green's School: "Our school is a large secondary school in East London with really high indicators of disadvantage. During this awful Coronavirus crisis, students and their families are struggling with traumatic levels of illness, domestic violence, mental health problems, overcrowding and poverty. The voyages build a sense of adventure, resilience and possibility for our students, which they would never usually be able to access in their day to day lives. I have been lucky enough to accompany two group voyages with the Trust, and on both occasions the experience has been truly thrilling and memorable for all the young people. I've been a youth worker for over twenty years and it's probably the best expedition/adventure trip I've ever taken kids on, (and believe me, I've been on a few...!).

¹ Source: Professionals' feedback questionnaires 2019/2020

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REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

A week learning to sail and bonding as a real-life crew was just the most fantastic adventure for all involved. Vital and excellent programmes such as those provided by Tall Ships, are needed more than ever to help young people re-establish themselves and build their self-confidence after such a difficult and bewildering time."

ACHIEVEMENTS AND PERFORMANCE

Youth Development

Throughout the period covered by this report, the impact of Covid significantly impacted our ability to deliver our transformational residential youth work with young people. Government restrictions on outdoor education remained in place and curtailed our residential voyage programme from the end of March 2020 for the remainder of the financial year. We were however, when not in lockdown, permitted to offer occasional day sails and were able to take 114 people to sea, of whom 71 were from a disadvantaged background.

Fleet Activity and Maintenance

Our fleet comprises four 72 ft Challengers and a 46 ft Ketch.

Because of Covid Government regulations, our vessels have remained in port at Gunwharf Quays for most of the year, with the exception of the occasional day sail, when permitted.

We made best use of this operational pause by carrying out essential fleet maintenance including new rigging which was installed on all five vessels as well as essential hull repairs. Safety remains paramount to our operation, and we will continue to maintain our vessels to the highest standards. Trustees monitor our safety policy and receive a detailed operational safety report at each Board meeting.

The work on the vessels has only been possible thanks to funds received from our donors and supported by a devoted and enthusiastic team of volunteers who have given hundreds of free hours to help the operations team completing the essential work.

Safeguarding

During this reporting period there were no safeguarding issues. Our Safeguarding policies and procedures were externally audited by a safeguarding professional practitioner in August 2020. Also we were able to continue to offer our online child protection and safeguarding training modules to all head office, volunteer and freelance sailing team staff.

Awareness raising and communications

Despite the communications team being furloughed for most of the financial year, we managed to engage with multiple media outlets and continued showcasing our work to national audiences.

We joined forces with a number of other national outdoor education providers to raise awareness of the sector's Covid challenges and impact on beneficiaries. Our campaigning work with Government to give us the green light to start residential sailing again was picked up by the BBC, The Times, The Telegraph, industry publications and many local outlets.

We continue to make strides with our digital communications. Content has been relaunched with a focus on short-burst, user-generated content and testimonials of our beneficiaries. Our social media follower numbers continue to grow and engagement rates remain above the industry average according to the Social Media Benchmark Report 2020.

Our customers, sailing team, donors and volunteers were engaged with regularly, including updates on how the charity was navigating our way through the Covid crisis.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

Fundraising

The Covid pandemic significantly impacted our fundraising plans. Sailing restrictions severely reduced our voyage income and social restrictions meant we had to cancel several fundraising events. However, we managed to keep raising vital funds from multiple other sources.

The Trust raised a total of £219k in the year from voyages and bursaries and a significant £1,125k in other fundraising. Included in this total, 'sustainable' fundraising raised £504k from 137 grant making trusts and foundations and £268k from over 1,000 individuals, including £155k from our hugely successful Calmer Waters Covid cash appeal. Legacies totalled £26k. We were strongly supported by the Association of Sail Training Organisations (ASTO) who contributed £147k towards our cause, and we also received a further £112k from various individuals and £68k from supporters towards various key projects such as our replacement CRM system.

We are immensely grateful to all the generous individuals, supportive institutions and members who have helped us through the Covid pandemic.

Due to the impact of Covid, and the urgent need to meet the increased demand for our services, our 'New Flagship Appeal', which commenced in 2018, is in the process of being relaunched. The aim of the appeal was to increase our sea-going capacity by raising at least £5m in order to purchase and refit a new schooner type flagship vessel, while also reducing our liabilities and establishing a bursary fund. However, the appeal was launched in a pre-Covid world, and none of us could have predicted what 2020 would bring. The impact of the pandemic on our beneficiaries and supporters has been significant, meaning that fundraising for large capital projects in the current climate is extremely challenging. Therefore, after much consideration, our Trustees took the decision to modify the appeal in order to increase our sea-going capacity as quickly as possible. It will be officially relaunched in October 2021, under the new name of the 'LifeChanger Appeal'. The aim of the appeal will be to raise at least £1.5m in order to purchase and refit a 70-80ft vessel, and cover three years' running costs, including bursaries for 750 disadvantaged young people and administration costs.

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

Partnerships

We continue to work in partnership with the 1851 Trust on our 'STEM and the Sea Project'. The project, which has been generously funded by the Lloyds Register Foundation, aims to inspire the next generation of marine engineers by enabling 30 young people a year to participate in a 'STEM' (science, technology, engineering and maths), voyage.

Looking forward, we will continue to build links with like-minded charities and commercial companies to support fundraising objectives.

Infrastructure

We were grateful to receive grants from the Gosling Foundation and ASTO to upgrade our CRM database after the existing provider informed us that our current CRM would not be supported from February 2021. The migration was completed on target and the upgrade has improved our data management processes. Voyage bookings, customer records and donor details are saved directly into our database in a GDPR compliant way without the need for manual intervention and the processing of paper-based forms. It also means that, for the first time, we are able to sign up members and regular donors online, via direct debit.

Volunteers

The Trust has many dedicated and loyal volunteers who generously gave over their free time to support our mission and we remain extremely grateful for their efforts – especially during the peak of the pandemic.

We will focus on building up our shore-based volunteers around the country once Covid restrictions have eased, likely later in 2022.

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Tall Ships Academy

The Trust's training programme gives young people a path from their first experience to volunteering on the Trust's vessels and, for those who wish it, a nautical career. On average, around 14% of young people are normally recommended to come back as Volunteer Crew every year. The objectives of the Academy and its training programme are:-

"to offer young people more options for enhancing their management skills and earn formal qualifications; to add value and enjoyment to their sailing experience as Volunteer Crew by increasing their knowledge, skills and confidence; and to support the Trust's aim of maintaining best practice."

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

Duke of Edinburgh's Award

Our Youth & Volunteer Manager is qualified to assess young people for their Duke of Edinburgh's Award Expedition. Due to Covid, no Duke of Edinburgh expeditions were carried out this year. Under normal circumstances, the groups pay for this assessment service, and it is a valuable addition to our offering. Some planned expeditions have been rescheduled for 2021/22.

RISK REVIEW

The major operational, reputation and financial risks to which the Trust is exposed, as identified by the Board, have been reviewed and systems established to mitigate those risks. They fall into six categories, as described below:

Personnel

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

Funding

Cashflow insufficient to operate the charity. Charity's net assets insufficient to cover restricted funds (note 21). Asset-to-loan ratio inadequate. Voyage income and routine fundraising and special initiatives fails to meet targets. Pension fund repayments exceed our capacity to pay.

Operational

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

Reputational

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

Developmental

New Capital Appeal fails to meet target. New ship project to increase capacity fails to deliver.

Covid (new in 2020-21)

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

For all these risks, and their elemental constituents, mitigation has been put in place. Fundraising including the new LifeChanger Appeal, the pension fund deficit (which could increase over time if other fund members become insolvent), volunteers, and the winter voyages as a result of Covid are considered to be uncertain and therefore higher risk. The residual risk at 28 February 2021 for the other risks is assessed to be "low" or "moderate".

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

ENVIRONMENTAL POLICY

The Trust continues in its efforts to reduce its carbon footprint and our overall impact on the environment. Increasing use of teleconferences, Teams and Zoom have reduced travel costs, and we remain conscious of the need to re-cycle, and avoid wasting non-renewable energy. In addition, the transition to a new CRM system has enabled the charity to incorporate paperless fundraising processes.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Tall Ships Youth Trust is a charitable company limited by guarantee. The governing documents are its Memorandum and Articles of Association. For the purposes of Company Law, the Trustees listed on page 2 are the directors of the company and are elected by resolution of the company at a general meeting. The company is administered under the control of the Trustees, sitting as a Board, who have general control of and responsibility for the strategic direction of the Trust and its subsidiary companies, and delegate day-to-day responsibility to the Executive team.

In recent years, we have opened our membership schemes which had been closed to new members since 2003. We hope to attract new people to take an active role in the Trust, including voting rights, and we have created several tiers of membership levels including life memberships, and we now have 636 Members who are active and engaged.

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

Trustees are conscious of the ACEVO/NCVO/Charity Commission sponsored 'Code of Charity Governance' and have been applying considerable effort towards full compliance. In terms of leadership, the board have reviewed our desired skill sets and begun a process of board renewal. The nominations, screening and selection process for new Trustees is managed on the Board's behalf by a Nomination and Remuneration Committee consisting of four Trustees including the Chairman and Vice Chairman. Candidates are invited to meet at least two Members of the Committee and the Chief Executive. All new Trustees also receive a full briefing on the Trust's financial performance, business plans and key issues, and meet key employees. On conclusion of this process, the Committee recommend candidates to the Board which decides on the appointment and, if successful, co-opts the individual until the next AGM at which their appointment is ratified by the members.

The Trust has an induction programme for Trustees. In normal times, the programme includes visits to the Trust's main operating bases (vessels), introduction to new youth initiatives, coverage of the charity's aims and how they are being fulfilled, the role and duties of the Trustees, company and charity law and governance, and financial and risk management.

We are keen to promote a spirit of openness within the charity – between Trustees, Executives, Beneficiaries, Volunteers and Supporters. We look forward to meeting some of our new members at the next meeting, potentially again to be a virtual one.

During the year, we formally ratified the appointment of Emma Bradshaw as a trustee. We say goodbye with sincere thanks to Bob Evans for his loyal and invaluable service to the charity during his ten-year tenure, and, since the year-end, to Mark Wippell who provided significant expertise particularly during the recent challenges as a result of Covid.

A member of the board has also recently undertaken a review of our operational maintenance plan (particularly safety-related activity), to ensure we are compliant, and we have minimised the risk to young people, crews, and to our reputation.

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

Day-to-day management of the Trust is delegated to the Chief Executive, who oversees our small but extremely professional, committed, and hard-working team at Head Office and the crews which have achieved such remarkable success over the last few years with such limited resources. We thank all who gave of their resources, time, and expertise to support the Trust during this year of turmoil. We will need you all, more than ever, in the months and years ahead.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

FINANCIAL ANALYSIS

Clearly during the past year, Covid has had a significant effect on our results. For most of the year, we were unable to sail, with just a handful of day sail voyages undertaken. Fleet costs were correspondingly lower although we were required to complete various maintenance projects to the vessels, in particular rigging replacements. Fundraising income, despite the pandemic, performed extremely well with grant making trusts and foundations and individual giving close to prior year's figures. Overheads were kept under control, largely due to decisions on furloughing of staff. Overall this year, we achieved a surplus of £40k.

In terms of cashflow, we have maintained a positive position throughout the year. We have continued with our loan repayment obligation with some agreed deferrals, including to the Merchant Navy Officers Pension Fund (MNOFP). We end the year with an underlying bank balance of £472k, excluding the amount held in the capital appeal for the replacement yacht.

	Notes (see below)	y/e Feb 2021	y/e Feb 2020
<u>Number of voyagers</u>		Number	Number
Disadvantaged young people		71	754
Other young people		5	245
Adults		38	623
Total	1	114	1,622
<u>Selected Financial results</u>		£'000	£'000
Voyage income – bursaries		131	693
– Direct payments		88	758
– total		219	1,451
Direct fleet costs (excl. fleet depreciation)		(243)	(776)
Net Operating surplus/(deficit)	2	(24)	675
Overheads	3	(868)	(937)
Operating deficit before fundraising	4	(892)	(262)
Fundraising	5		
Individual and Regular giving		1,100	928
Legacies		26	291
Capital appeal		62	164
Total fundraising		1,188	1,383
Less: bursaries given for specific voyages		(131)	(693)
Net donations		1,057	690
Operating surplus		165	428
Fleet depreciation		(125)	(142)
Asset write down		-	(75)
Net income for the period	6	40	211

TALL SHIPS YOUTH TRUST

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Notes to the Financial Analysis

1. Number of voyagers

Due to Covid, we were only able to run a small number of day sail voyages. Numbers taken to sea was 114, 71 of whom were disadvantaged young people.

2. Net Operating surplus/(deficit)

Due to the above, fleet income was correspondingly low, matched by low fleet costs. We did, however, continue to ensure that the vessels were maintained to a very high standard in preparation for the green light to sail again. The necessary rigging replacement on all vessels was completed. We utilised volunteers wherever possible for some of this work.

3. Overheads

Overheads were kept under control, with savings in some areas through negotiated cost waivers, cutbacks and deferrals. Marketing costs were kept to the minimum. Certain staff replacements were delayed, and we instigated reduced staff hours and pay where possible. The Government furlough scheme was utilised with significant savings made. Our average staff levels of 14 remains low. We also replaced the obsolete CRM system during the year which was fully funded by our donors.

4. Operating deficit before fundraising

Operating deficit before fundraising has increased to £892k.

5. Fundraising

The key success in fundraising was achieving such a high proportion of last year's income, despite the pandemic. GMTs raised £504k, 95% of prior year. Other individual giving raised a further £268k, including £155k from our hugely successful Calmer Waters cash appeal, plus legacies of £26k. We were also strongly supported by ASTO who contributed a significant £147k towards our cause. A further £112k from various high-level donors and £68k from supporters was also raised towards various key projects such as our replacement CRM system.

A total of £1,188k was raised this year against £1,383 last year (which included a single legacy of £262k). Various Trusts also agreed to release their previously restricted donations to core funds, to support the charity through the crisis. A total of £177k was agreed to be transferred during the year. In addition, donors to the "New Flagship Appeal" also released sums totalling £90k towards core costs.

We are extremely grateful to all these organisations and individuals for helping TSYT during this period.

6. Net Income for the period

Both cash from operating activities and net income were positive for the year to 28 February 2021. Despite Covid, we have once again realised a net income surplus for a third year in a row, this year £40k.

FUTURE FINANCIAL PROSPECTS AND RESERVES POLICY

We continued to be adversely affected by Covid until July 2021 when we were able to resume residential voyages. We are now able to plan for the future assuming a return to normal occupancy rates.

Given the pressure that Covid has created on our cashflow, and in order to manage our way through the next few years, the trustees agreed to taking out a £250k CBILS loan through Clydesdale Bank which will be repaid in equal instalments over 5 years. We believe this puts us on a stronger footing and allows us to concentrate on our core mission. We thank Clydesdale for their support and assistance in getting us over the line in terms of approvals for the loan.

In the autumn of 2021, it is planned to re-launch the capital appeal with a new focus in response to the urgent needs following Covid. We aim to raise sufficient funds to acquire a second-hand Challenger-sized vessel and to complete a refit to enable our youth work to be undertaken and to cover the first three years of running costs. We have a very strong, high profile, and determined appeal committee to lead on this initiative.

Our membership scheme has been reopened and we are developing plans to increase our engagement with our supporters and volunteers.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

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

The Trust will continue to make progress in terms of the number of young people we take to sea, particularly those who are disadvantaged, our net operating income, and also our fundraising capacity.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

In so far as each of the Trustees are aware: -

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

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

Auditors

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

ON BEHALF OF THE TRUSTEES



David Aisher
Chairman of the Board of Trustees

Dated: 23 November 2021

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2021

Opinion

We have audited the consolidated financial statements of Tall Ships Youth Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 28th February 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 28th February 2021, and of the group's incoming resources and application of resources, including its income and expenditure, 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.

Basis for opinion

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

Material uncertainty relating to going concern

We draw your attention to the going concern accounting policy on page 20 in the financial statements. As a result of the on going effect of Covid-19, the restrictions have impacted on the group's ability to receive funding and accurately forecast the timing of cash flows.

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

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual 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 course of the audit or

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2021

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and their environment obtained in the course of the audit, we have not identified material misstatements in Directors' Report, included in the Trustees' 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 by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company's financial statements are not in agreement with the accounting records; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the consolidated financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirements to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees, who are also the directors of the charitable parent 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible for assessing the groups and charitable parent 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 group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

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.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2021

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company and the group.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior knowledge of the client and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Revenue recognition was also identified as part of our audit planning as a significant risk to the audit. Although the processing and recording of transactions is straight forward, there is the risk that revenue might not be recognised within the correct accounting period.
- Some income received is restricted in its use and a significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any specified restrictions.
- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and we considered the most significant to be the Companies Act 2006, the Charities Act 2011, the Charity SORP, UK financial reporting standards as issued by the Financial Reporting Council and UK Taxation legislation. We considered how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.
- We obtained an understanding and assessed the impact of Covid-19 on the operations of the charitable company and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption in the preparation of the financial statements and dovetailed this with knowledge gained from our audit work
- The consolidated financial statements of the group incorporate the results of the subsidiary company. Moore (South) LLP are auditors to the whole group and the same approach has been adopted to the subsidiary company as is appropriate to that entity.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2021

In response to the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed transactions with related parties, in particular the management charges and transactions with group entities;
- reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation; and
- tested a sample of invoices to ensure expenditure was for bona fide expenses and has been appropriately authorised.

In response to the risk of incorrect recognition of income we:

- performed analytical procedures including comparing revenue received to the prior period and to budgets;
- vouched a sample of donations and grants received in the year to supporting documentation; and
- tested a sample of gifts and donations received around the balance sheet date to agree income has been included within the correct accounting period.

In response to the classification of income between restricted and unrestricted we:

- agreed a sample of grants and donations recorded in the nominal ledger to source documentation to ensure any restrictions were correctly identified,
- agreed a sample of expenses incurred to ensure that they had been allocated to the appropriate fund; and
- obtained and reviewed fund analysis workings to ensure that the calculations were correct and agreed to the accounting records.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2021

Use of our report

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



Sue Lucas (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP
Chartered Accountants
Statutory Auditor

9 St Johns Place
Newport
Isle of Wight
PO30 1LH

Dated: 24 November 2021

TALL SHIPS YOUTH TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2021

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds Year to 28/2/2021	Total Funds Year to 29/2/2020
	<u>Note</u>	2021 £	2021 £	2021 £	28/2/2021 £	29/2/2020 £
Income and Endowments from:						
Donations and legacies	2	827,387	358,487	-	1,185,874	1,382,158
Other trading activities	3	-	-	-	-	11,935
Investments		246	1,933	-	2,179	2,540
Government grants		70,824	-	-	70,824	-
Charitable activities	4	<u>87,446</u>	<u>-</u>	<u>-</u>	<u>87,446</u>	<u>757,578</u>
Total income		<u>985,903</u>	<u>360,420</u>	<u>-</u>	<u>1,346,323</u>	<u>2,154,211</u>
Expenditure on:						
Raising funds	7	305,662	-	-	305,662	337,392
Other trading activities	7	-	-	-	-	11,063
Charitable activities	7	<u>719,662</u>	<u>280,640</u>	<u>-</u>	<u>1,000,302</u>	<u>1,594,802</u>
Total expenditure		<u>1,025,324</u>	<u>280,640</u>	<u>-</u>	<u>1,305,964</u>	<u>1,943,257</u>
Net movement in funds		(39,421)	79,780	-	40,359	210,954
Transfer between funds		(83,853)	83,853	-	-	-
Fund balances brought forward At 1 March 2020		<u>(350,808)</u>	<u>852,732</u>	<u>51,132</u>	<u>553,056</u>	<u>342,102</u>
Fund balances carried forward At 28 February 2021		<u>(474,082)</u>	<u>1,016,365</u>	<u>51,132</u>	<u>593,415</u>	<u>553,056</u>

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

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

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

TALL SHIPS YOUTH TRUST

BALANCE SHEET

FOR THE YEAR ENDED 28 FEBRUARY 2021

	<u>Note</u>	Consolidated		Tall Ships Youth Trust	
		28/2/2021	29/2/2020	28/2/2021	29/2/2020
		£	£	£	£
Fixed assets					
Tangible assets	13	1,287,287	1,400,549	1,287,287	1,400,549
		-----	-----	-----	-----
Current assets					
Stocks		9,188	9,705	250	250
Debtors	14	96,447	332,126	511,327	310,487
Investments	15	5,585	5,338	5,585	5,338
Cash at bank and in hand		<u>546,294</u>	<u>241,056</u>	<u>478,021</u>	<u>225,990</u>
		657,514	588,225	995,183	542,065
Creditors: amounts falling due within one year	16	<u>(671,031)</u>	<u>(638,374)</u>	<u>(567,731)</u>	<u>(528,155)</u>
Net current assets/(liabilities)		<u>(13,517)</u>	<u>(50,149)</u>	<u>427,452</u>	<u>13,910</u>
Total assets less current liabilities		1,273,770	1,350,400	1,714,739	1,414,459
Creditors: amounts falling due after more than one year	17	<u>(680,355)</u>	<u>(797,344)</u>	<u>(515,000)</u>	<u>(575,500)</u>
		<u>593,415</u>	<u>553,056</u>	<u>1,199,739</u>	<u>838,959</u>
		=====	=====	=====	=====
Capital funds					
Endowment funds	18	51,132	51,132	51,132	51,132
Income funds					
Restricted funds	19	1,016,365	852,732	1,016,365	852,732
Revaluation reserve	20	618,547	624,497	618,547	624,497
Other unrestricted funds	20	<u>(1,092,629)</u>	<u>(975,305)</u>	<u>(486,305)</u>	<u>(689,402)</u>
		<u>593,415</u>	<u>553,056</u>	<u>1,199,739</u>	<u>838,959</u>
		=====	=====	=====	=====

The financial statements were approved by the Trustees on 23 November, 2021



David Aisher
Chairman of the Board



Philip McDanell
Chairman of Finance

Charity Number: 314229 Company Number: 00567460

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

TALL SHIPS YOUTH TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2021

	28/2/2021 Group £	29/2/2020 Group £
Cashflow from operating activities		
Net cashflow from operations See Below	361,350	179,471
Total cashflow from operating activities	<u>361,350</u>	<u>179,471</u>
Cashflow from investing activities		
Interest received	2,179	2,540
Sale proceeds from disposal of fixed assets	32,900	-
Payments to acquire fixed assets	(48,360)	(10,101)
Total cashflow on Investing activities	<u>(13,281)</u>	<u>(7,561)</u>
Cash from financing activities		
Repayments of borrowing	(42,831)	(90,492)
Net cash provided by (used in) financing activities	(42,831)	(90,492)
Net Increase/(decrease) in cash and cash equivalents	305,238	81,418
Cash and cash equivalents at 1 March 2020	<u>241,056</u>	<u>159,638</u>
Cash and cash equivalents at 28 February 2021	<u>546,294</u> =====	<u>241,056</u> =====
Cash and cash equivalents consist of:		
Cash at bank and in hand	<u>546,294</u>	<u>241,056</u>
Cash and cash equivalent at 28 February 2021	<u>546,294</u> =====	<u>241,056</u> =====
Reconciliation of income to net cashflow from operations:		
	28/2/2021	29/2/2020
	£	£
Net income resources	40,359	210,954
Depreciation charges	128,622	219,981
Investment income	(2,179)	(2,540)
Change in value of investments	(247)	(257)
Loss on disposal of fixed asset	100	-
(Increase)/decrease in stocks	517	773
(Increase)/decrease in debtors	235,679	(242,096)
Increase/(decrease) in creditors	<u>(41,501)</u>	<u>(7,344)</u>
Net cash outflow from operations	<u>361,350</u> =====	<u>179,471</u> =====

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2021

ACCOUNTING POLICIES

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

General Information and Basis of Accounting

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

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom issued in October 2019 (FRS 102), the Charities Act 2011, Companies Act 2006, and UK Generally Accepted Accounting Practice.

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

Going Concern

The charity depends upon cash flow which is raised mainly from various forms of donations and voyage income. Both sources of income have been impacted by Covid-19. The residential sailing program was suspended in mid-April 2020 and recommenced after the end of the financial year. All sources of our fundraising have also been impacted. In response to this, the charity has launched a new appeal and continues to ask for and receive donations from a variety of generous people and organisations. But it remains a challenge.

The Charity has an operating subsidiary which runs the voyage programme. Tall Ships Limited is not solvent, having a net liability at the year-end of £1,159,933 (2020 - £839,509). This net liability includes the pension deficit of £240,355 (2020 - £241,844). The Charity provides financial support to Tall Ships Ltd of £980,810 (2020 - £553,606) by way of an inter-company loan included in the net liabilities, which it has confirmed it will not seek repayment within the next 12 months so long as the company requires it to continue to trade. The Charity continues to manage its group exposure.

The Charity has a deficit of assets making up the unrestricted funds, as explained in note 21, a situation which stems from the sale of the brig in 2017 for considerably less than had been expected. The charity is focussing on correcting this position.

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

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

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

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2021

Basis of Consolidation

The group financial statements consolidate those of the charity and of its subsidiary undertaking has drawn up on 28 February 2021. The results of the charity's trading subsidiary, Tall Ships Limited, have been consolidated on a line by line basis. Surpluses or deficits on intra-group transactions are eliminated in full.

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

Comparative Information

The comparative figures for the Consolidated Statement of Financial Activities have been amended to reflect the change in the way the Trust accounts for certain funding relating to voyages. Designated or restricted income is recognised when the grant or funds are originally received and not again when the voyage occurs.

FUND ACCOUNTING

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

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

INCOME RECOGNITION POLICIES

Donations and Gifts

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

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

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

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

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

Activities for Generating Funds

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

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2021

Investment income

Investment income is recognised when receivable.

Incoming Resources from Charitable Activities

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

Grants Receivable

Income from Government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Grants for the purchase of fixed assets are initially credited to restricted incoming resources when receivable. On completion of the purchase or construction of the fixed asset towards which the grant was receivable, where grant restrictions permit, the assets are treated as unrestricted, with a corresponding transfer of funds.

RESOURCES EXPENDED

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

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

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

Allocation of Support Costs

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

The analysis of these costs is included in note 8.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Yachts	15 years
Computers and Office Equipment	5 years
Display and Exhibition Equipment	5 years

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2021

FOREIGN CURRENCIES

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

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

INVESTMENTS

Assets held for investment purposes are included at market value.

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

STOCKS

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

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

DEBTORS

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

CREDITORS

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

RETIREMENT BENEFITS

Defined Contribution Scheme

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

Defined Benefit Scheme

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

LEASED ASSETS

Operating lease agreements

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

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2021

TAXATION

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

FINANCIAL ASSETS AND LIABILITIES

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

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

1. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 29/2/2020 £
Income and Endowments from:				
Donations and legacies	687,869	694,289	-	1,382,158
Other trading activities	11,935	-	-	11,935
Investments	627	1,913	-	2,540
Charitable activities	<u>757,578</u>	<u>-</u>	<u>-</u>	<u>757,578</u>
Total income	<u>1,458,009</u>	<u>696,202</u>	<u>-</u>	<u>2,154,211</u>
Expenditure on:				
Raising funds	337,392	-	-	337,392
Other trading activities	11,063	-	-	11,063
Charitable activities	<u>1,132,653</u>	<u>462,149</u>	<u>-</u>	<u>1,594,802</u>
Total expenditure	<u>1,481,108</u>	<u>462,149</u>	<u>-</u>	<u>1,943,257</u>
Net movement in funds	(23,099)	234,053	-	210,954
Fund balances brought forward at 1 March 2019	<u>(327,709)</u>	<u>618,679</u>	<u>51,132</u>	<u>342,102</u>
Fund balances carried forward At 29 February 2020	<u>(350,808)</u>	<u>852,732</u>	<u>51,132</u>	<u>553,056</u>

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	28/2/2021 £	29/2/2020 £
Donations	759,076	358,487	1,117,563	1,046,954
Legacies	25,556	-	25,556	290,816
Membership	<u>42,755</u>	<u>-</u>	<u>42,755</u>	<u>44,388</u>
	<u>827,387</u>	<u>358,487</u>	<u>1,185,874</u>	<u>1,382,158</u>

Of the comparative donations figure £694,289 was in respect of restricted funds.

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	28/2/2021 £	29/2/2020 £
Fundraising events	-	-	-	11,935

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

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

4. INCOME FROM CHARITABLE ACTIVITIES

	28/2/2021	29/2/2020
	£	£
Gross voyage fees	309,974	1,420,511
Less bursaries utilised from funds	(222,528)	(693,430)
Grants (receivable from Associations of Sea Training Organisations for Youth Work)	<u>-</u>	<u>30,497</u>
	87,446	757,578
	=====	=====

5. NET INCOME FROM ACTIVITIES OF SUBSIDIARIES

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

	28/2/2021	29/2/2020
	£	£
Turnover-voyage fees	309,974	1,451,008
Government grants	45,077	-
Operating costs	(656,963)	(1,203,747)
Operating Profit/(loss)	(301,912)	247,261
Finance costs	(18,512)	(18,847)
Net profit/(loss)	(320,424)	228,414
	=====	=====

The net assets and liabilities of the active subsidiary are:

	28/2/2021	29/2/2020
	£	£
Current assets	89,532	46,160
Creditors: amounts falling due within one year	(1,249,465)	(885,669)
Total net liabilities	(1,159,933)	(839,509)
Aggregate of share capital and reserves	(1,159,933)	(839,509)
	=====	=====

6. BRANCHES

The financial results of the branches of Tall Ships Youth Trust are consolidated into these accounts on the basis of returns as at the year-end submitted by each branch. Branches raised £244 as donations in the year to 28 February 2021 (2020: £267), which is classified as unrestricted income in the accounts.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

7. ANALYSIS OF EXPENDITURE

	Direct costs	Support costs	28/2/2021	29/2/2020
	£	£	£	£
Cost of raising funds:				
Fundraising costs	284,316	19,449	303,765	333,452
Allocation of governance costs (see below)	<u>-</u>	<u>1,897</u>	<u>1,897</u>	<u>3,940</u>
	284,316	21,346	305,662	337,392
	=====	=====	=====	=====
Costs of other trading activities				
Charitable activities	-	-	-	11,063
	===	===	===	=====
Charitable activities				
Ship related costs	440,439	-	440,439	956,892
Depreciation and impairment	128,622	-	128,622	219,981
Loss on disposal of fixed asset	100	-	100	-
Allocation of governance costs (see below)	25,000	-	25,000	16,724
Interest payable and similar finance charges	1,933	-	1,933	1,914
Other voyage and support expenses	<u>322,911</u>	<u>81,297</u>	<u>404,208</u>	<u>399,291</u>
	919,005	81,297	1,000,302	1,594,802
	=====	=====	=====	=====
Restricted funds			280,640	462,149
Unrestricted funds			<u>719,662</u>	<u>1,132,653</u>
			1,000,302	1,594,802
			=====	=====

8. SUPPORT AND GOVERNANCE COSTS

	28/2/2021	29/2/2020	Method	Governance	Charitable Activities	Trading Activities	Fundraising Activities
	£	£		£	£	£	£
Payroll and HR	7,610	6,846	Total resources	114	5,327	-	2,169
Property costs	27,284	19,941	Total resources	409	19,099	-	7,776
Office costs	14,960	12,884	Total resources	151	11,936	-	2,873
IT and Website	14,513	13,911	Total resources	218	10,159	-	4,136
Marketing	33,528	47,782	Direct activities	-	33,528	-	-
Other	<u>4,748</u>	<u>10,592</u>	Total resources	<u>1,005</u>	<u>1,248</u>	<u>-</u>	<u>2,495</u>
	102,643	111,956		1,897	81,297	-	19,449
	=====	=====		=====	=====	=====	=====
At 28 February 2020				3,940	65,819	236	41,961
				=====	=====	=====	=====

Governance costs (included above)

	Support	Charitable	28/2/2021	29/2/2020
	£	£	£	£
Auditors remuneration	-	19,000	19,000	16,724
Under provision prior year	-	6,000	6,000	-
Administrative expenses	<u>1,897</u>	<u>-</u>	<u>1,897</u>	<u>3,940</u>
	1,897	25,000	26,897	20,664
	=====	=====	=====	=====
At 28 February 2020	3,940	16,724		
	=====	=====		

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

9. OTHER COSTS

	28/2/2021 £	29/2/2020 £
The surplus is stated after charging:		
Auditors' remuneration		
Audit services	19,000	18,000
Non-audit services	<u>6,000</u>	<u>7,000</u>
	25,000	25,000
Depreciation	128,622	145,305
Impairment of asset	-	74,676
Operating lease rentals	<u>10,020</u>	<u>18,606</u>
	=====	=====

10. EMPLOYEES

Employee costs during the period were as follows:

	28/2/2021 £	29/2/2020 £
Wages and salaries	527,812	557,327
Social security costs	53,371	53,841
Other pension costs	<u>22,194</u>	<u>22,707</u>
	603,377	633,875
	=====	=====

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

	28/2/2021 Number	29/2/2020 Number
Management and administration	14	13
	==	==

The total costs attributable to senior management personnel amounted to £232,656 for the year to 28 February 2021 (2020: £217,343). Senior management personnel comprise the Chief Executive Officer, Finance Director, and for part of 2021 the Fundraising and Marketing Director. The emoluments of higher paid employees fell within the following ranges:

	28/2/2021 Number	29/2/2020 Number
£60,001 to £70,000	1	1
£110,001 to £120,000	1	1
	==	==

11. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

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

Expense reimbursements for travel and subsistence were not paid to Trustees during the year (2020: £nil) and there were no expenses paid on behalf of a trustee.

Trustee indemnity insurance paid on behalf of Trustees and officers in the year was £3,369 (2020: £2,679)

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

12. SURPLUS/(DEFICIT) OF EXPENDITURE OVER INCOME

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

The summary financial performance of the Charity alone was:

	28/2/2021 £	29/2/2020 £
Income		
Income from donations and legacies	1,271,944	1,382,158
Other trading activities	-	11,935
Other income	-	188,447
Government grants	25,747	-
Investment income	<u>2,179</u>	<u>2,540</u>
Total income	1,299,870	1,585,080
Expenditure		
Raising funds	(305,050)	(330,312)
Other trading activities	-	(17,707)
Charitable activities	<u>(634,038)</u>	<u>(1,066,075)</u>
Total expenditure	(939,088)	(1,414,094)
Net income for the year	360,782	170,986
Total funds brought forward on 29 February 2020	<u>838,959</u>	<u>667,973</u>
Total funds carried forward at 28 February 2021	<u>1,199,741</u> =====	<u>838,959</u> =====

13. TANGIBLE FIXED ASSETS

Consolidated and Tall Ships Youth Trust

	Yachts £	Computers, Fixtures & Equipment £	Total £
Cost or valuation:			
At 1 March 2020	2,131,999	81,280	2,213,279
Additions in year	-	48,360	48,360
Disposals in year	<u>(275,879)</u>	<u>-</u>	<u>(275,879)</u>
At 28 February 2021	<u>1,856,120</u> =====	<u>129,640</u> =====	<u>1,985,760</u> =====
Depreciation:			
At 1 March 2020	743,630	69,100	812,730
Provided in the period	123,741	4,881	128,622
Depreciation eliminated on disposal	<u>(242,879)</u>	<u>-</u>	<u>(242,879)</u>
At 28 February 2021	<u>624,492</u> =====	<u>73,981</u> =====	<u>698,473</u> =====
Net book amount at 28 February 2021	<u>1,231,628</u> =====	<u>55,659</u> =====	<u>1,287,287</u> =====
Net book amount at 29 February 2020	<u>1,388,369</u> =====	<u>12,180</u> =====	<u>1,400,549</u> =====

The Yachts are given as security against a number of loans included in creditors. The net book value of yachts given as security was £1,181,218 (2020: £1,299,200).

The Challenger Yachts are included above at a net book value of £290,000 based on a professional valuation in 2016. They were professionally valued on 15 August 2020 at £350,000 each.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

13. FIXED ASSETS (continued)

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

	£
Cost	1,370,807
Valuation	<u>761,192</u>
	2,131,999
	=====

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

	Yachts £ 28/2/2021	Yachts £ 29/2/2020
Cost	1,370,807	1,370,807
Accumulated depreciation	<u>(1,121,386)</u>	<u>(1,029,999)</u>
Net book amount at 28 February 2021	249,421	340,808
	=====	=====

14. DEBTORS

	Consolidated		Tall Ships Youth Trust	
	28/2/2021	29/2/2020	28/2/2021	29/2/2020
	£	£	£	£
Amounts owed by group undertakings	-	-	427,205	-
VAT recoverable	16,125	21,053	12,909	7,084
Other debtors	50,121	299,695	48,454	296,255
Prepayments	<u>30,201</u>	<u>11,378</u>	<u>22,759</u>	<u>7,148</u>
	96,447	332,126	511,327	310,487
	=====	=====	=====	=====

15. CURRENT ASSET INVESTMENTS

	Consolidated		Tall Ships Youth Trust	
	28/2/2021	29/2/2020	28/2/2021	29/2/2020
	£	£	£	£
UK investments – COIF Funds	<u>5,585</u>	<u>5,388</u>	<u>5,585</u>	<u>5,388</u>
	5,585	5,388	5,585	5,388
	=====	=====	=====	=====

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

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Tall Ships Youth Trust	
	28/2/2021	29/2/2020	28/2/2021	29/2/2020
	£	£	£	£
Loans from Trustees and funders	200,500	206,000	200,500	206,000
Payments received on account	197,445	212,906	197,445	212,906
Trade creditors	46,937	88,439	36,842	23,604
Social Security and other taxes	75,485	15,242	75,485	15,242
Deferred income	17,674	51,574	17,674	51,574
Other creditors and accruals	<u>132,990</u>	<u>64,213</u>	<u>39,785</u>	<u>18,829</u>
	671,031	638,374	567,731	528,155
	=====	=====	=====	=====

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

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

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

	Consolidated		Tall Ships Youth Trust	
	28/2/2021	29/2/2020	28/2/2021	29/2/2020
	£	£	£	£
Loans from Trustees and funders	515,000	575,500	515,000	575,500
Other Creditors and accruals	<u>165,355</u>	<u>221,844</u>	<u>-</u>	<u>-</u>
	680,355	797,344	515,000	575,500
	=====	=====	=====	=====

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

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

18. ENDOWMENT FUNDS

	Michael Crocker	Nova Scotia	Lord Burnham	Total
	£	£	£	£
At 1 March 2020	<u>13,277</u>	<u>12,952</u>	<u>24,903</u>	<u>51,132</u>
At 28 February 2021	<u>13,277</u>	<u>12,952</u>	<u>24,903</u>	<u>51,132</u>
	=====	=====	=====	=====

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

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

19. RESTRICTED FUNDS

	Balance at 1/3/2020 £	Income £	Expenditure £	Transfer £	Balance at 28/2/2021 £
International fund	193,264	1,933	-	-	195,197
Legacy fund	262,500	-	-	-	262,500
Other specific funds	<u>396,968</u>	<u>358,487</u>	<u>(280,640)</u>	<u>83,853</u>	<u>558,668</u>
Total restricted funds	852,732 =====	360,420 =====	(280,640) =====	83,853 =====	1,016,365 =====

The Specific Funds are donations made to the Trust to be used for specified purposes. At 28 February 2021 there were 340 separate funds (2020: 250). The Trust is reviewing the ongoing obligations of restricted funds.

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

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

The transfer between funds relates to the allocation between restricted and designated voyage funds.

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

20. UNRESTRICTED FUNDS

Consolidated

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2020	(975,305)	624,497	(350,808)
Incoming resources	985,903	-	985,903
Outgoing resources	(1,025,324)	-	(1,025,324)
Transfer designated to restricted voyage funds	(83,853)	-	(83,853)
Transfer between funds - revaluation	<u>5,950</u>	<u>(5,950)</u>	<u>-</u>
At 28 February 2021	(1,092,629) =====	618,547 =====	(474,082) =====

Tall Ships Youth Trust

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2020	(689,402)	624,497	(64,905)
Incoming resources	939,450	-	939,450
Outgoing resources	(658,448)	-	(658,448)
Transfer designated to restricted voyage funds	(83,853)	-	(83,853)
Transfer between funds - revaluation	<u>5,950</u>	<u>(5,950)</u>	<u>-</u>
At 28 February 2021	(486,303) =====	618,547 =====	132,244 =====

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Consolidated at 28 February 2021				
Tangible fixed assets	1,287,287	-	-	1,287,287
Current assets	(409,983)	1,016,365	51,132	657,514
Current liabilities	(671,031)	-	-	(671,031)
Creditors: due after more than one year	<u>(680,355)</u>	<u>-</u>	<u>-</u>	<u>(680,355)</u>
	(474,082)	1,016,365	51,132	593,415
	=====	=====	=====	=====
Tall Ships Youth Trust at 28 February 2021				
Tangible fixed assets	1,287,287	-	-	1,287,287
Current assets	(72,314)	1,016,365	51,132	995,183
Current liabilities	(567,731)	-	-	(567,731)
Creditors: due after more than one year	<u>(515,000)</u>	<u>-</u>	<u>-</u>	<u>(515,000)</u>
	132,242	1,016,365	51,132	1,199,739
	=====	=====	=====	=====
Period to 29 February 2020 comparative period	£	£	£	£
Consolidated at 29 February 2020				
Tangible fixed assets	1,400,549	-	-	1,400,549
Current assets	(315,639)	852,732	51,132	588,225
Current liabilities	(638,374)	-	-	(638,374)
Creditors: due after more than one year	<u>(797,344)</u>	<u>-</u>	<u>-</u>	<u>(797,344)</u>
	(350,808)	852,732	51,132	553,056
	=====	=====	=====	=====
Tall Ships Youth Trust at 29 February 2020				
Tangible fixed assets	1,400,549	-	-	1,400,549
Current assets	(361,799)	852,732	51,132	542,065
Current liabilities	(528,155)	-	-	(528,155)
Creditors: due after more than one year	<u>(575,500)</u>	<u>-</u>	<u>-</u>	<u>(575,500)</u>
	(64,905)	852,732	51,132	838,959
	=====	=====	=====	=====

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

22. PENSIONS

Defined contribution scheme

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

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

Defined benefit scheme

A number of former employees of the Trust's subsidiary Tall Ships Limited ("TSL") have belonged to an industry wide pension scheme. The Trustees of the scheme have advised TSL that part of the scheme is in deficit and it is apportioning the deficit between participating employers. Interest is accruing on the residual of the 2009 and 2012 pension scheme deficits and a payment plan is in operation. At the period end the balance outstanding was £240,355 (2020 - £241,844).

23. LEASING COMMITMENTS

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

	28/2/2021		29/2/2020	
	Land & Buildings £	Other £	Land & buildings £	Other £
Within one year	25,000	13,386	25,000	22,815
Between two and five years	-	38,935	25,000	35,821
	25,000	52,321	50,000	58,636
	=====	=====	=====	=====

24. RELATED PARTY TRANSACTIONS

During the comparative year, C Lennox, who is the son of J Lennox, the previous chairman of the charity, received remuneration of £Nil (2020: £17,459). The Trustees are of the view that this is at market rate for the job performed.

Loans

Included within the figures in notes 16 and 17 is £156,500 (2020: £172,500) from Trustees and related parties, which are part of the secured charge on fixed assets (see note 13).

	As at 28/2/2021 £	As at 29/2/2020 £
Name		
M Aiken (Dec'd)	-	150,000
R Evans	6,500	12,500
S Hartigan	-	10,000
	6,500	172,500
	=====	=====

The aggregate donations from Trustees to the charity during the year was £10,506 (2020 £38,564).

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Group balances	28/2/2021 £	29/2/2020 £
Financial assets at amortised Cost	618,121	567,143
Financial liabilities at amortised cost	(1,136,267)	(1,171,238)
Net financial liabilities	(518,146)	(604,095)
	=====	=====

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