

REGISTERED IN ENGLAND AND WALES NUMBER: 00567460

CHARITY NUMBER: 314229



REPORT AND ACCOUNTS

FOR THE YEAR ENDED

28 FEBRUARY 2023

TALL SHIPS YOUTH TRUST

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TALL SHIPS YOUTH TRUST

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 28 FEBRUARY 2023

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 (Deceased 6 November 2022) 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 Mr J Brown Mr P D'Ornano Mr S Edwards Mr A Martyn Mr P McDanell Rear Admiral R Melly (Resigned 5 October 2022) Miss K Nazarin Miss T Stuiver (Appointed 5 October 2022 and resigned 26 April 2023) Mrs M Verghese-Dipple (Appointed 25 January 2023)
Chief Executive	Mr A Floyd
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

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TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

Chairman's Introduction

The year ended 28th February 2023 was an interesting year for us all at Tall Ships Youth Trust. We emerged from the global pandemic achieving one of the highest number of voyagers with us on the Challenger fleet. The quality and depth of the voyage experience for our young people challenged them personally, socially and practically. They rose to the challenge showing resilience, will-power and positive mindsets. They were an inspiration to us all at the Trust.

In the year ended 28th February 2023, a total of 1,555 voyagers sailed with us. These included 1,066 young people, 867 of whom were disadvantaged. In addition, we hosted 489 adults who are a critical part of our voyage programme as they support the young person's voyage programme through a fully paid voyage experience. Further, many of our adult voyagers go on to become donors and lifelong supporters of our work.

We relied more than ever on our supporters and donors in what was an extremely challenging economic environment. The value of donations across the UK Charity sector has fallen significantly in 2022, despite the number of donors increasing. We have therefore had to ensure we continue to effectively demonstrate the increasing value of the outdoor environment towards young people's development. The ocean environment is in itself unique as our voyages not only positively challenge our voyagers, but the vessel is also their home for the duration of their time aboard. Together with our Tall Ships crews, our voyagers have the responsibility to ensure they are safe, healthy and contributing to the learning environment. This truly unique experience is what ensures our young people have an improved opportunity to progress in life.

We were deeply saddened to learn of the passing of Admiral of the Fleet The Lord Boyce in November 2022. Lord Boyce had been an avid supporter of the Trust, a Patron for many years and played a key role in our development work. He will be greatly missed by us at Tall Ships Youth Trust.

Our work and impact would not have achieved such success in the year were it not for our crews and volunteers. They have ensured that the experience for our young people has been optimised for fun, learning and achievement. They have continued to inspire and be positive adult role models for young people, who often have no effective role models in their lives.

The focus on building a sustainable financial future continued and we achieved strong trading and fundraising income in a challenging environment, while carefully managing our costs. We continued to clear existing debts and loans with funds that in the future will support our intent to build reserves for future contingencies. The Aiken family's significant support is reflected in this accounting year ending 28 February 2023. As mentioned in my introduction last year, this generosity has had a major positive impact to the reduction in our loans position. We thank Alex Aiken and the family for this contribution to our future. Our current fleet of four 72ft ocean going vessels underwent 5-year surveys, managed within existing budget. We also commissioned a 20-year survey of these vessels so that we can proactively maintain them and ensure their service for the long-term to support our work. Our 55ft Ketch continued to support our purpose and mission, in particular supporting many young people undertaking their DoE Gold residential award.

Towards the end of 2022, we signed-off on our new strategy for 2023 to 2028, building on our previous work. Our new strategy is predicated on a young person's 3-voyage journey of Exploration, Empowerment and Leadership over 3 years. This will support them in the long-term on their journey into adulthood and for some, careers in the maritime sector and blue economy. We have listened to young people seeking more connection with their peers outside of the education environment, through adventures away from home and through volunteering. We have also taken deliberate steps to ensure that a sustainable ocean environment is core to our voyage experiences, building on UK Government Maritime 2050 priorities and the United Nations Development Programme blue economy focus.

We invite you to join us as we deliver on our revised purpose and mission for young people across the UK.

David Aisher
Chair of Trustees, Tall Ships Youth Trust

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OUR NEW APPROACH

Our new strategy 2023 to 2028 was implemented in January 2023. This report reflects the new strategy.

Our **Vision** is a society where all young people strive to create better outcomes for themselves and for their communities.

Our **Charitable Mission** is to enable young people, particularly those from disadvantaged backgrounds, to change their lives at sea and contribute to the maritime sector and the blue economy.

Our **Values** reflect our changing culture as a team, as a charity and as a society:

> **Nurturing and Inclusive** – We care for and encourage the development of all young people and adults who voyage with us; we include and integrate all people and groups in our work, especially those who are from disadvantaged backgrounds.

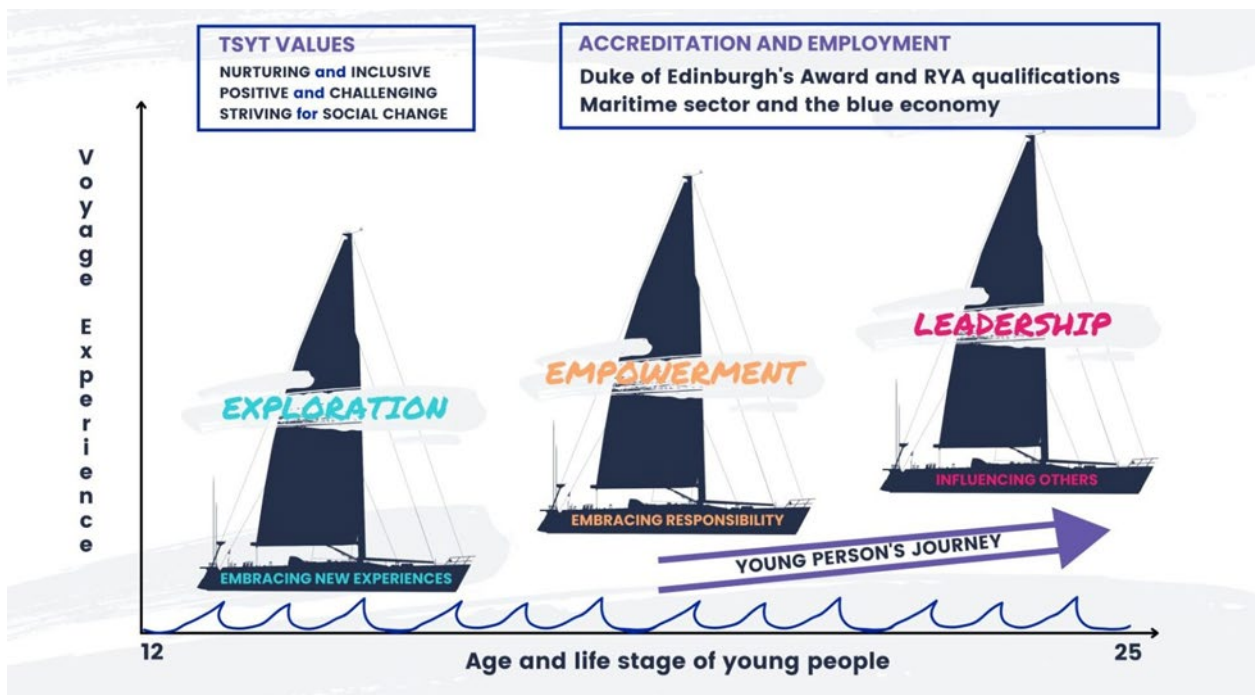
> **Positive & Challenging** – We are optimistic in all that we do, finding a way forward and making life happier; we challenge ourselves to seek the best in all of us and our voyagers, stimulating growth & learning.

> **Striving for Social Change** – We relentlessly pursue cultural, behavioural and institutional change through and for young people in society, and for the maritime environment.

Our **Purpose**: Out on the ocean we empower young people to realise their full potential, supporting them on their journey to adulthood and for some, careers in the maritime sector and the blue economy.

Our new strategy and approach are predicated on 3 significant enhancements to the work of the trust:

1. We now offer **a young person's journey of 3-voyages over 3 years** – voyages of Exploration, Empowerment and Leadership. The visual below represents our new journey for young people. Over approximately 3 years, they can develop personally, socially and learn practical life skills over 3 increasingly challenging and complex voyages. We also focus on the 'space in between' each voyage, where young people on their journey will practice what they have learnt, reflect on their development and plan for their next voyage experience. There is the opportunity to 'jump-on' and 'jump-off' the journey, dependent on relevant experience and life circumstances.



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2. We are **increasing our reach across the UK** by developing our presence in key hub locations, reaching high concentrations of young people, many of whom are in disadvantaged circumstances. This removes barriers to participation for young people related to time, cost and their decision makers who support them on their journey. It also supports our engagement with a broader support base. The visual here represents our planned increase in our reach over the next few years.



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3. We are offering more effective **development pathways for our crews, volunteers and Portsmouth Hub team**. This will enhance the voyage experience for all in the outdoor learning environment, better engage our donors and ensure that we attract, retain and develop our people as effectively as we can. This investment in our wider team is critical to our future success.

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

Our young people continue to inspire us despite challenging and disadvantaged circumstances that they face. As part of our new strategy development, we listened to the voice of young people through the UK Government White Paper of 2022

<https://www.gov.uk/government/publications/youth-review-summary-findings-and-government-response/youth-review-summary-findings-and-government-response>

Past and current young voyagers, together with the decision makers supporting them, also provided critical insight about our work to enable it to be enhanced to better meet the needs of young people in the UK today. Time with their peers doing adventurous activities away from their home environment, together with activities that support their mental and physical wellbeing that they decide, were two core themes that shaped and determined our new approach.

As we embark on this new voyage with young people, their supporters and our team, we will be developing an appropriate longitudinal methodology to maintain long-term engagement and visibility of outcomes and impact for all young people that undertake the 3-voyage journey.

IMPACT

Our work and impact measurement framework are currently based on the Association of Sail Training Organisation's Theory of Change. In 2023 we will continue the development of a combined Theory of Change for outdoor learning and sailing training, via a longitudinal study with a research partner with expertise in the fields of outdoor learning and sport. This will be done in collaboration with other outdoor learning and sail training bodies to ensure as broad an impact as possible for young people.

End of Voyage survey responses from 610 young people who sailed with us on a residential voyage during 2022/23 indicate:

- 84% reported improved teamworking skills.
- 79% reported increased confidence.
- 79% reported improved communication skills.
- 75% felt their ability to manage their feelings had improved.
- 67% felt their leadership skills had improved.
- 60% reported improved problem-solving skills.
- 63% felt their awareness of how to keep themselves and others safe had improved.
- 52% felt fitter and healthier after their voyage.
- 87% made new friends.
- 47% felt their employability skills had improved.
- 98% of young people enjoyed the experience and had fun.
- 95% would recommend to a friend.

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The impact is even greater for young people who sail with us more than once. These young people leave our programme work-ready, with better teamworking skills and an improved ability to understand, and work well within hierarchal structures. They are more equipped to overcome challenges, fears and anxieties, and their academic ability and achievement benefits, as does their cultural competence. In addition, these young people develop greater technical sailing knowledge, and a better understanding of the ocean environment, including elements such as safety at sea and sustainability.

Tyrone Sinclair, Addey and Stanhope School: *"We completed a voyage with Tall Ships Youth Trust last year, it was so successful that we returned this year. Both trips were very different. Different groups of young people, and whilst both groups had similar vulnerabilities and adverse life experiences, both walked away with incredible life-changing experiences and opportunities. The ability to use the voyage and lessons learned to reinforce pastoral work with the group was an intentional benefit. We had time and space for mentoring and dealing with issues as they arose. The feedback from both groups were fantastic and it really supplements the hard work we are doing with our young people back in Deptford."*

Amelia (former beneficiary, now Skippers for Outward Bound Hong Kong): *"Sailing for the first time with TSYT at age 14 was a life changing experience for me. The seven-day Challenger yacht voyage provided me with a brand-new confidence in myself, that I had never experienced before. For the first time, I was pushed to my personal limit and discovered I could achieve much more than I ever imagined. I was never a sporty child, but by sailing with TSYT, I found a whole new activity, which stimulated me mentally, and made me want to challenge myself physically. I began volunteering with TSYT at the age of 16 and was hooked, I would spend 13+ weeks a year volunteering. I received a high level of training and support from the staff at TSYT and always felt welcomed in Portsmouth, whenever I arrived for a voyage. My first job in sailing was in a refit period with TSYT and it kickstarted my passion for yacht building and engineering. I knew the day I went on my first TSYT voyage that one day I wanted to be a Skipper and that TSYT were instrumental in helping that dream come true. Today, I have the privilege of working at Outward Bound Hong Kong, as Head of Sailing, managing sailing, refits, expeditions and working with disadvantaged young people from all over Hong Kong. Every time I get onboard to start a voyage I do it with the confidence I gained when I first sailed with the TSYT, proud to share my journey and inspire other young people and women in sailing."*

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REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

ACHIEVEMENTS AND PERFORMANCE

Youth Development

During the period covered by this report, despite on-going nervousness in the education sector to re-commence residential outdoor learning, we achieved one of our highest numbers of young people voyagers of 1,066. Of these voyagers, 867 were from disadvantaged backgrounds. We continued our focus to engage young people (through their decision makers) who are in some of the most challenging circumstances across the UK, often in alternative education provision, social housing or known to local authorities and police.

Our intent through our new strategy is to continue to remove barriers to participation in our work by increasing our presence across the UK. In identifying concentrations of disadvantaged young people who could benefit from our 3-voyage journey, we are voyaging to and from Plymouth, Liverpool, Glasgow & Belfast, Newcastle, Ipswich and London. Portsmouth continues to be our Hub and our home and we are committed to supporting young people from the local area as part of our work.

Fleet Activity and Maintenance

Our current fleet comprises four 72ft Challengers and a 55ft Ketch. Our ambitious Programme for 2022/23 and careful planning ensured that we achieved a high level of utilisation and occupancy in this financial year for the Trust. 153 voyages and around 25,000 voyage miles were completed, compared to 113 voyages and 13,000 voyage miles in the previous year.

Three Challengers completed their 5-year surveys with few unknown repairs required. This reflected our maintenance scheduling and preventative work during the previous year. As part of our new strategy, we are compiling a 20-year maintenance plan for our four Challengers. This will ensure proactive investment in the fleet, supported by targeted funding applications. The support and donations for all our maintenance is a critical part of maintaining our fleet readiness and suitability for the long-term, including our awesome volunteers who take-on much of this work.

As we look ahead in the long-term, the demand for our 3-voyage journey and adult voyage experiences will determine when additional fleet vessels are required. On current planning, this is likely to be from 2025. In 2023, we will be considering our future capability need with our Board, to ensure we can continue to meet the high demand for youth development and outdoor learning out on the ocean.

Safeguarding and Incidents

In 2022, we re-established and enhanced our Safety Forum, following the period of closure during UK Government response to Covid. This monthly forum reviews incidents and issues raised on our voyages and wider across the organisation to identify learnings, themes and areas for enhancement both off-shore and on-shore. It is led by the CEO, together with our Head of Operations and Designated Safeguarding Lead. On a quarterly basis, our designated Safeguarding trustee, Emma Bradshaw, reviews our findings and enhancements to provide further guidance on best practice and ways that we can enhance the care of young people and adults that voyage and interact with us. Our Board review all operational incidents on a quarterly basis, to identify and manage any potential, future risks.

During this period there was one major incident declared when a forestay broke crossing Biscay. Our major incident response team stood-up and effectively managed the incident remotely, despite significant long distance communication challenges. This tested our incident response procedures which we have committed to doing annually and identified further enhancements for the coming year.

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Awareness Raising and Our Reach

Raising awareness and increasing our reach into the most disadvantaged communities, together with engaging a broader supporter and donor network, have been key features of our engagement focus in 2022/23.

Through our website (our primary engagement platform), we engaged more than 60,100 users in 2022/23, with over 83% of those users being first-time visitors to the website. This is an increase of more than 18% since 2021/22.

Our social channels continue to drive awareness and increase our reach. In 2022/23 we reached more than 352,000 users on our top two social channels, Facebook and Instagram, alone – an incredible increase of more than 120% from 2021/22.

Significant press and media coverage was achieved through events and campaigns such as our Round Britain Challenge, our Lifeline Appeal and our inaugural Round the Island Winter Fundraising Challenge. Combined with support from donors and corporate partners which helped fund our transformational youth voyages.

In 2023/24 we are delighted to be the charity partner for Sailing Today with Yachts & Yachting, BBC Radio 4 Appeal, British Classic Week and Cowes Week. This will add significant engagement opportunities for us to existing and new audiences and is critical to support our work.

From 2023, we begin our plan to create the Tall Ships Youth Trust digital community. Our intent is to establish a digital platform to engage and communicate with the TSYT community with an initial focus on young people, their decision makers and volunteers as well as alumni, members, donors and key stakeholders.

Fundraising

Despite a challenging economic environment, fundraising income for the year was £1,011k. This includes a total of £605k raised via 156 grant making trusts and foundations, an incredible £23k via our Big Give Christmas Challenge match-funding campaign and £383k raised from individual giving, legacies, major donors, corporates and events.

We are particularly grateful to the Hargreaves Foundation for being the first major investor in our 3-voyage programme. Their support will enable 120 young people from disadvantaged backgrounds to complete the programme in full over 5-years.

A grant from the DCMS Youth Investment Fund also enabled us to equip all our Challenger vessels with computer tablets and Go Pro cameras. This has enabled us to digitise our monitoring and evaluation processes – reducing the need for paper surveys – and to introduce other ways to capture footage and feedback from our voyages.

In agreement with supporters of the appeal, the decision was made to transfer the funds raised for our LifeChanger Appeal (c.£77k) to our new 3-voyage programme. The new programme strategy includes plans to increase our reach, particularly in areas of high deprivation, in order to make our voyages more accessible to those who need them most. This will see us operating voyages from regional hubs for part of the year, which will include areas such as Cardiff, Liverpool/Whitehaven, Greenock/Glasgow, Newcastle and Ipswich. Given the challenging fundraising landscape, we believe that this new utilisation of our fleet is the most efficient way of increasing the number of young people we are able to support every year, whilst also significantly enhancing our life-changing impact.

Looking ahead, our fundraising team also has a new strategy in place, with dedicated focuses on trusts and foundations, individual giving and major donors.

We have several exciting events planned in the 2023 calendar year, which include being the official charity partner for the third consecutive year at British Classic Week, being the official charity partner for the first time at Cowes Week, taking part in the Eurovision celebrations in Liverpool and a fundraising appeal airing on BBC Radio 4, presented by Celebrity Ambassador, Dan Snow.

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Fundraising (cont ...)

We would like to say a huge thank you to all the supportive grant making trusts and foundations, companies, individuals and members who continue to fund our work. This includes the Hargreaves Foundation for being the first major investor in our new 3-voyage programme, John Lyon's Charity, The Corporation of Trinity House, The Worshipful Company of Shipwrights, St. James's Place Charitable Foundation, The Clare Foundation and our corporate fundraising partners Saltus and Barratt Developments for their long-standing support.

Tall Ships Youth Trust is a signed-up member of the Fundraising Regulator. The Trust is committed to ensuring ethical fundraising practices, and Trustees regularly confirm this is the case. We received zero complaints this year about our fundraising.

Volunteers

For young people taking part in a residential voyaging experience throughout 2022/23, we operated a pathway into volunteering enabling young people to return as watch leaders following volunteer crew training, or previously as Watch Assistants for those under the age of 16.

In 2022/23, our 1,066 young people represented 69% of the total voyagers of 1,555 who voyaged with us. Of that, 61 young people were recommended to join the volunteer team with TSYT. This represents 22% of the total pool of recommended voyagers of 282, including adults. A great achievement for our young crews. Young people who voyage with us often relate better to watch leaders and crew who are closer in age to them as they can see the possibilities for themselves. This important role modelling fills a gap in the lack of positive adult role models in their lives.

From March 2023, we continued to recommend young people as watch leaders and enhanced this recommendation process to include all parts of the new 3-voyage model (Exploration, Empowerment and Leadership voyages). Additionally, we enhanced our TSYT Young Ambassador role whilst reintroducing Youth Mentors. Our young voyagers have already achieved 38 recommendations for Empowerment, 19 for Leadership, 17 for watch leader training and 1 Young Ambassador. A fantastic achievement in the first 3 months of the new year from March to May 2023.

Our pathways and career development options are developed utilising links with previous voyage crew and volunteers who have entered maritime careers. Our maritime career's development purpose is to create positive maritime role models in a variety of sectors from YP people who started their maritime careers with TSYT in the past, in addition to building resources and opportunities within the sector to promote career succession through maritime.

As part of our enhanced approach, we are identifying individuals and organisations across the ocean environment and blue economy that we can collaborate with to create broader pathways for young people and exciting role models. These sectors include science, research, technology, tourism & fisheries, together with renewable energy, coastline/community sustainability & waste management.

We continue to be one of the largest issuers of Royal Yachting Association (RYA) certificates in the UK, issuing nearly 800 certificates in 2022/23 (581 RYA Start Yachting; 216 RYA Competent Crew). Most of the young people who sail with us have no sailing experience, but by the end of their voyage, the majority will have earned their RYA Start Yachting certificate, with many also going on to achieve their RYA Competent Crew certificate. This is the first step in the RYA training scheme.

There are a range of courses in this series for young volunteers. We currently offer development up to Watch Leader level and support our young people through to Mate in terms of training and sea time, signposting qualifications with RYA providers. Additionally, TSYT and Trinity House link to provide funding for young people to achieve maritime qualifications including RYA Yachtmaster Coastal.

Duke of Edinburgh's Award

We are an Approved Activity Provider for the Duke of Edinburgh (DofE) awards scheme; all voyages of four nights or more qualify for the DofE Gold Residential and Bronze, Silver, and Gold Expeditions element of the award. We have further developed our capability in this area with two new assessors in our team and an enhanced Nautical DofE for 2023. This is intended to appeal to the significant backlog of young people who completed Bronze and Silver awards in the last 3 years, now seeking a new challenge.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

RISK REVIEW

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

Resource

Insufficient number of competent and trained crew/staff. Insufficient number of seagoing volunteers. Inability to attract and retain crew/staff, with competitive remuneration and flexible working. Loss of key members of crew/staff threatens effective voyage operations and donor management.

Funding

Cashflow insufficient to operate the charity. Charity's net assets insufficient to cover restricted funds (note 19). Asset-to-loan ratio inadequate. Voyage income and routine fundraising and special initiatives fail to meet targets. Pension fund repayments exceed our capacity to pay.

Operational

Global event impacts on voyage programme. Certification failure of a vessel threatens programme. Crew shortage, medical, illness, or defects prevent vessel voyaging. Incident or serious accident to crew, staff or the public while operating the vessels. Incident at sea damages a vessel. Hub closure due to an onshore incident.

Reputational

Safeguarding incident with client, YP, voyager or team member. Incident at sea leading to bad publicity. Financial sustainability and fundraising ethical risk. Failure of IT system security, CRM. GDPR and data breach.

Developmental

Development work fails to achieve funding targets. Hub facilities ineffective.

For all these risks, and their elemental constituents, mitigation has been put in place. Our Finance, Risk and Audit Committee regularly review our Risk Register, to ensure appropriate mitigation measures are in place and monitored. In turn, our Board support and monitor this process. Fundraising and Resourcing are uncertain and therefore higher risk, given environmental and economic conditions in the UK. The residual risk at 28 February 2023, for the other risk areas, is assessed to be low.

ENVIRONMENTAL POLICY

Our Sustainability Working Group (SWG) focus continued in this year to reduce our carbon footprint and overall impact on the environment, both on the ocean and on land. Early in 2023, following support from our Board, we have begun our journey toward ISO accreditation to enhance our environmental credentials. This is being led by our newly formed Management Team, working closely with the Leadership & Capability Team and SWG. It is critical that we are contributing to and leading the change on the sustainability of our ocean and the earth that we inhabit.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

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, two new Trustees joined the Trust in this reporting year, following screening and selection on the Board's behalf by a Nomination and Remuneration Committee. This consists 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. The programme includes visits to the Trust's Portsmouth hub and main operating base, 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. Use of virtual technology for our AGM, combined with a physical meeting, ensured a high level of engagement across our members.

During the year, we have been pleased to appoint Mary Verghese-Dipple to the Trustee Board. Mary brings significant legal expertise in addition to governance and ethical experience. We say goodbye with sincere thanks to our long-serving trustee and Vice Chairman, Dick Melly. Dick has been a critical member of the Board in the last 7 years, devoting considerable amounts of his time to our work at the Hub, including recruiting for the CEO role and new trustees to join our Board. One other trustee joined the Board during the year but unfortunately has since had to step down due to personal circumstances.

We delegate responsibility to the Finance, Audit and Risk Committee for reporting to the Board about financial matters including forecast cash flows and our risk profile. The Committee considers the financial statements and risk register, 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 the on-shore and off-shore operations including youth development, voyaging, income generation and business functions.

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FINANCIAL REVIEW

During the year the Trust generated overall income of £1,748,759 (2022 - £1,295,334). The majority £1,158,432 (2022 - £833,465) being donations, legacy income and membership income from supporters. Direct voyage fees of £586,938 (2022 - £425,889) were received from the voyage programme and combined with restricted bursary funds of £726,028 (2022 - £619,477) resulting in £1,312,966 voyage income (2022 - £1,045,366) for the trading subsidiary Tall Ships Limited to run voyages throughout the year. Tall Ships Limited generated a surplus in the year of £236,081 (2022 - £182,164).

The consolidated group result for the year was a surplus on general funds of £108,111 (2022 - Deficit £290,557), reduced by a deficit on restricted voyage funds of £122,244 (2022 - Surplus £53,337).

The Trust revalued the Challenger yachts as at 28 February 2023. This 5-year revaluation carried out by leading marketeers valued the Challengers at £450,000 each. This has resulted in an increase to fixed assets of £854,810, with a corresponding increase to unrestricted funds. The trustees have concluded the accounting policy will be to depreciate the Challengers over a 15 year economic life.

Overall, the unrestricted funds increased to £240,956 (2022 - deficit £721,965), however the restricted and bursary funds reduced from £1,044,702 to £922,458. There was no change in the small balance of endowment funds. The group net asset position was therefore £1,214,546 - (2022 - £373,869) and the Trust entity position increased from £798,034 to £1,402,632. The overall cash flow position was a reduction in cash balances of £162,169 (2022 - reduction of £142,302).

FUTURE FINANCIAL PROSPECTS AND RESERVES POLICY

The removal of substantial Covid restrictions has had a significantly positive impact on our ability to operate at full capacity over this and coming years. Our current operating model is effective, producing a cashflow surplus under normal trading.

We continue to repay historic loan debts following the disposal of the brig. During the year, we made the final repayment to Charities Aid Foundation for their historic loan. We are grateful for their longstanding support of the Trust. In addition, we are extremely grateful to the Aiken family for waiving the substantial loan debt of £150,000, which has significantly contributed to the balance sheet reserves for 2022/23. We thank them for this tremendous gesture and continued support.

Since the year end, we have restructured the loan agreement with The Corporation of Trinity House with repayment plans over longer terms. We are very grateful for their continued support and understanding.

The final payment of the liability to the Merchant Officers Pension Fund will also be made in September 2023, further improving our debt position.

Our new Strategic Plan is in full operation, covering the 5-year period 2023-2028. We have a strong and diverse Board of Trustees and competent, trained and motivated on-shore and off-shore staff, led by a CEO experienced in fundraising, commercial business and leading change.

As part of this work, we are evaluating the plan to raise sufficient funds to acquire an additional vessel to increase our capacity and to meet the demand for our services. We will then be in a stronger and more sustainable financial position going forward.

The Trustees' long-term objective is to build the Trust's reserves to protect our charitable mission against unexpected events. We 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 from disadvantaged backgrounds, our net operating income, and our fundraising capacity.

TALL SHIPS YOUTH TRUST

REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

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. 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). Company law requires the Trustees to prepare financial statements for each financial year. 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 statement as to disclosure of information to auditors. 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.

Statement as to disclosure of information to Auditors

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

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

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

Auditors

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

ON BEHALF OF THE TRUSTEES



David Aisher
Chairman of the Board of Trustees

Dated: 1 September 2023

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2023

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 2023 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 2023, 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 24 in the financial statements, which indicates that the group has a deficit of assets making up unrestricted funds of £1,047,584. As stated in the accounting policy, these events and conditions, along with the other matters as set out, indicate that a material uncertainty exists that may cast significant doubt on the group's 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.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2023

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 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 15 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.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2023

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.

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.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2023

- 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.
- 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.

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.

TALL SHIPS YOUTH TRUST

REPORT OF THE INDEPENDENT AUDITOR FOR THE YEAR ENDED 28 FEBRUARY 2023

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.

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

TALL SHIPS YOUTH TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2023

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds Year to 28/2/2023	Total Funds Year to 28/2/2022
	Note	2023	2023	2023	28/2/2023	28/2/2022
		£	£	£	£	£
Income and Endowments from:						
Donations and legacies	2	779,461	378,971	-	1,158,432	833,465
Investments		1,415	1,974	-	3,389	2,317
Government grants		-	-	-	-	33,663
Charitable activities	3	<u>586,938</u>	<u>-</u>	<u>-</u>	<u>586,938</u>	<u>425,889</u>
Total income		<u>1,367,814</u>	<u>380,945</u>	<u>-</u>	<u>1,748,759</u>	<u>1,295,334</u>
Expenditure on:						
Raising funds	5	371,671	-	-	371,671	329,539
Charitable activities	5	<u>888,032</u>	<u>503,189</u>	<u>-</u>	<u>1,391,221</u>	<u>1,203,015</u>
Total expenditure		<u>1,259,703</u>	<u>503,189</u>	<u>-</u>	<u>1,762,892</u>	<u>1,532,554</u>
Net movement in funds		108,111	(122,244)	-	(14,133)	(237,220)
Transfer between funds		-	-	-	-	-
Other recognised gains / (losses)						
Gain on revaluation of fixed assets		<u>854,810</u>	<u>-</u>	<u>-</u>	<u>854,810</u>	<u>-</u>
Net movement in funds		962,921	(122,244)	-	840,677	(237,220)
Fund balances brought forward At 1 March 2022		<u>(721,965)</u>	<u>1,044,702</u>	<u>51,132</u>	<u>373,869</u>	<u>611,089</u>
Fund balances carried forward At 28 February 2023		<u>240,956</u>	<u>922,458</u>	<u>51,132</u>	<u>1,214,546</u>	<u>373,869</u>

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

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

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

TALL SHIPS YOUTH TRUST

BALANCE SHEETS AS AT 28 FEBRUARY 2023

	<u>Note</u>	Consolidated		Tall Ships Youth Trust	
		28/2/2023	28/2/2022	28/2/2023	28/2/2022
		£	£	£	£
Fixed assets					
Tangible assets	11	<u>1,887,083</u>	<u>1,156,406</u>	<u>1,887,083</u>	<u>1,156,406</u>
Current assets					
Stocks		8,780	9,380	250	250
Debtors	12	66,550	66,246	48,804	241,179
Investments	13	6,124	5,823	6,124	5,823
Cash at bank and in hand		<u>241,820</u>	<u>403,989</u>	<u>226,224</u>	<u>368,797</u>
		323,274	485,438	281,402	616,049
Creditors: amounts falling due within one year	14	<u>(630,070)</u>	<u>(581,501)</u>	<u>(400,112)</u>	<u>(373,130)</u>
Net current liabilities		<u>(306,796)</u>	<u>(96,063)</u>	<u>(118,710)</u>	<u>242,919</u>
Total assets less current liabilities		1,580,287	1,060,343	1,768,373	1,399,325
Creditors: amounts falling due after more than one year	15	<u>(365,741)</u>	<u>(686,474)</u>	<u>(365,741)</u>	<u>(601,291)</u>
		<u>1,214,546</u>	<u>373,869</u>	<u>1,402,632</u>	<u>798,034</u>
Capital funds					
Endowment funds	16	51,132	51,132	51,132	51,132
Income funds					
Restricted funds	17	922,458	1,044,702	922,458	1,044,702
Revaluation reserve	18	1,288,540	433,730	1,288,540	433,730
Other unrestricted funds	18	<u>(1,047,584)</u>	<u>(1,155,695)</u>	<u>(859,498)</u>	<u>(731,530)</u>
		<u>1,214,546</u>	<u>373,869</u>	<u>1,402,632</u>	<u>798,034</u>

The financial statements were approved by the Trustees on 1st September 2023.



David Aisher
Chairman of the Board

Charity Number: 314229 Company Number: 00567460

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

TALL SHIPS YOUTH TRUST

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 28 FEBRUARY 2023

	28/2/2023 Group £	28/2/2022 Group £
Cashflow from operating activities		
Net cashflow from operations See Below	<u>130,590</u>	<u>(165,225)</u>
Total cashflow from operating activities	<u>130,590</u>	<u>(165,225)</u>
Cashflow from investing activities		
Interest received	3,389	2,317
Sale proceeds from disposal of fixed assets	-	-
Payments to acquire fixed assets	<u>(15,594)</u>	<u>(5,748)</u>
Total cashflow on Investing activities	<u>(12,205)</u>	<u>(3,431)</u>
Cash from financing activities		
Repayments of borrowing	(280,554)	(223,649)
Finance raised	<u>-</u>	<u>250,000</u>
Net cash provided by (used in) financing activities	<u>(280,554)</u>	<u>26,351</u>
Net Increase/(decrease) in cash and cash equivalents	<u>(162,169)</u>	<u>(142,305)</u>
Cash and cash equivalents at 1 March 2022	<u>403,989</u>	<u>546,294</u>
Cash and cash equivalents at 28 February 2023	<u>241,820</u> =====	<u>403,989</u> =====
Cash and cash equivalents consist of:		
Cash at bank and in hand	<u>241,820</u>	<u>403,989</u>
Cash and cash equivalent at 28 February 2023	<u>241,820</u> =====	<u>403,989</u> =====
Reconciliation of income to net cashflow from operations:		
	28/2/2023 £	28/2/2022 £
Net income resources	840,677	(237,220)
Depreciation charges	139,726	136,629
Investment income	(3,389)	(2,317)
Change in value of investments	(301)	(238)
Loss on disposal of fixed asset	-	-
(Increase)/decrease in stocks	600	(192)
(Increase)/decrease in debtors	104,112	(74,215)
Increase/(decrease) in creditors	(96,025)	12,328
Revaluation in year	<u>(854,810)</u>	<u>-</u>
Net cash outflow from operations	<u>130,590</u> =====	<u>(165,225)</u> =====

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2023

ACCOUNTING POLICIES

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

General Information and Accounting Convention

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 2 and 5 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 the charitable company's Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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). The charitable company is a Public Benefit Entity as defined by FRS 102.

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 charitable company and rounded to the nearest £1.

Going Concern

The Charity's revenues derive principally from various forms of donations and voyage income. Both sources of income were impacted by Covid-19 related restrictions.

Since the end of pandemic restrictions, voyage income has picked up and fundraising remains encouraging. However, there has been a worsening of the general economic climate, including the situation in Ukraine – evidenced by a steep rise in inflation, energy costs and interest rates. There was also a significant reduction in charitable donations in the UK in 2022. These may impact negatively on future voyage revenues and / or donations.

The Charity has an operating subsidiary, Tall Ships Limited, which runs the voyage programme. Tall Ships Limited had a net liability at the year-end of £741,688 (2022 £977,769). This net liability includes the pension deficit of £92,595 (2022 £178,183). Accordingly, the Charity provides ongoing financial support to Tall Ships Limited of £563,610 (2022 £746,690) by way of an inter-company loan, which it has confirmed it will not seek repayment of within the next 12 months.

The Charity has a deficit of assets making up the unrestricted funds, as explained in note 18. This stems from the sale of the brig in 2017 for considerably less than had been expected. The charity continues to focus on correcting this deficit. The revaluation of the Challenger assets at year-end has significantly contributed to overall balance sheet reserves.

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

In order to monitor the financial position of the Charity, the Charity's Finance Committee continues to meet on a regular basis to evaluate and develop strategies to minimise non-essential expenditure, develop fundraising income and review cash flow forecasts.

The Charity continues to monitor costs in all areas. During the pandemic, the Charity took advantage of various Government's support measures, including the coronavirus job retention scheme to protect cash flows and future employment capabilities and a CBILS loan offer from the Charity's bank. The Charity continues to pay off the historic loans and debts and has benefited from the generous waiver of a significant loan of £150,000 during the year, improving the Charity's reserves position.

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2023

In light of the 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.

Basis of Consolidation

The group financial statements consolidate those of the charitable company and of its subsidiary undertaking. The results of the charitable company'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 charitable company itself are not presented because the charitable company has taken advantage of the exemptions afforded by the Companies Act 2006.

FUND ACCOUNTING

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general charitable objectives, 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 of the charitable companies entitlement.

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.

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

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2023

Activities for Generating Funds

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

Investment income

Investment income is recognised when receivable.

Incoming Resources from Charitable Activities

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

Grants Receivable

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.

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 6.

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2023

TANGIBLE FIXED ASSETS AND DEPRECIATION

Individual assets costing £250 or more are capitalised. Tangible fixed assets are stated at cost or valuation, net of depreciation and any impairment losses. 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

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying value of the asset, and is recognised in the statement of activities.

IMPAIRMENT OF FIXED ASSETS

At each reporting date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

TALL SHIPS YOUTH TRUST

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2023

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.

OPERATING LEASE AGREEMENTS

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

TAXATION

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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 2023

1. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 28/2/2022 £
Income and Endowments from:				
Donations and legacies	417,326	416,139	-	833,465
Investments	365	1,952	-	2,317
Government grants	33,663	-	-	33,663
Charitable activities	<u>425,889</u>	<u>-</u>	<u>-</u>	<u>425,889</u>
Total income	<u>877,243</u>	<u>418,091</u>	<u>-</u>	<u>1,295,334</u>
Expenditure on:				
Raising funds	329,539	-	-	329,539
Charitable activities	<u>838,261</u>	<u>364,754</u>	<u>-</u>	<u>1,203,015</u>
Total expenditure	<u>1,167,800</u>	<u>364,754</u>	<u>-</u>	<u>1,532,554</u>
Net movement in funds	(290,557)	53,337	-	(237,220)
Transfer between funds	25,000	(25,000)	-	-
Fund balances brought forward at 1 March 2021	<u>(456,408)</u>	<u>1,016,365</u>	<u>51,132</u>	<u>611,089</u>
Fund balances carried forward At 28 February 2022	<u>(721,965)</u> =====	<u>1,044,702</u> =====	<u>51,132</u> =====	<u>373,869</u> =====

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	28/2/2023 £	28/2/2022 £
Donations	671,716	378,971	1,050,687	779,191
Legacies	74,848	-	74,848	15,671
Membership	<u>32,897</u>	<u>-</u>	<u>32,897</u>	<u>38,603</u>
	<u>779,461</u> =====	<u>378,971</u> =====	<u>1,158,432</u> =====	<u>833,465</u> =====

Of the comparative donations figure £416,139 was in respect of restricted funds.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

3. INCOME FROM CHARITABLE ACTIVITIES

	28/2/2023 £	28/2/2022 £
Gross voyage fees	1,312,966	1,045,366
Less bursaries utilised from funds	<u>(726,028)</u>	<u>(619,477)</u>
	586,938	425,889
	=====	=====

All income from charitable activities for both years was unrestricted.

4. NET INCOME FROM ACTIVITIES OF SUBSIDIARIES

The Charity's only active subsidiary is Tall Ships Limited (02844027). Registered office address: 2a The Hard, Portsmouth, Hampshire, PO1 3PT. A summary of its results for the period is set out below:-

	28/2/2023 £	28/2/2022 £
Turnover-voyage fees	1,312,966	1,045,365
Government grants	-	17,381
Operating costs	<u>(1,069,473)</u>	<u>(867,755)</u>
Operating Profit/(loss)	243,493	194,991
Finance costs	<u>(7,412)</u>	<u>(12,827)</u>
Net profit/(loss)	236,081	182,164
	=====	=====

The net assets and liabilities of the active subsidiary are:

	28/2/2023 £	28/2/2022 £
Current assets	51,879	62,474
Creditors: amounts falling due within one year	<u>(793,567)</u>	<u>(1,040,243)</u>
Total net liabilities	<u>(741,688)</u>	<u>(977,769)</u>
Aggregate of share capital and reserves	(741,688)	(977,769)
	=====	=====

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

5. ANALYSIS OF EXPENDITURE

	Direct costs	Support costs	28/2/2023	28/2/2022
	£	£	£	£
Cost of raising funds:				
Fundraising costs	355,045	15,466	370,511	328,576
Allocation of governance costs (see below)	-	1,160	1,160	963
	355,045	16,626	371,671	329,539
	=====	=====	=====	=====
Charitable activities				
Ship related costs	797,166	-	797,166	636,893
Depreciation	139,726	-	139,726	136,630
Allocation of governance costs (see below)	38,155	-	38,155	40,675
Interest payable and similar finance charges	20,066	-	20,066	1,952
Other voyage and support expenses	300,058	96,050	396,108	386,865
	1,295,171	96,050	1,391,221	1,203,015
	=====	=====	=====	=====
Restricted funds			503,189	364,754
Unrestricted funds			1,259,703	1,167,800
			1,762,892	1,532,554
			=====	=====

6. SUPPORT AND GOVERNANCE COSTS

	28/2/2023	28/2/2022	Method	Governance	Charitable Activities	Fundraising Activities
	£	£		£	£	£
Payroll and HR	12,178	7,804	Total resources	183	9,560	2,435
Property costs	26,252	18,983	Total resources	394	20,608	5,250
Office costs	10,231	9,576	Total resources	153	8,032	2,046
IT and Website	11,202	17,899	Total resources	168	8,794	2,240
Marketing	35,338	32,651	Direct activities	-	35,338	-
Other	17,475	9,924	Total resources	262	13,718	3,495
	112,676	96,837		1,160	96,050	15,466
	=====	=====		=====	=====	=====
At 28 February 2022				963	83,037	12,837
				=====	=====	=====

Governance costs (included above)

	Support	Charitable	28/2/2023	28/2/2022
	£	£	£	£
Auditors remuneration	38,155	-	38,155	40,675
Administrative expenses	-	1,160	1,160	963
	38,155	1,160	39,315	41,638
	=====	=====	=====	=====
At 28 February 2022	40,675	963		
	=====	=====		

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

7. OTHER COSTS

	28/2/2023 £	28/2/2022 £
The surplus is stated after charging:		
Auditors' remuneration		
Audit services	25,300	23,000
Under-provision	-	8,635
Non-audit services	<u>12,855</u>	<u>9,040</u>
	38,155	40,675
Depreciation	139,726	136,629
Operating lease rentals	<u>12,901</u>	<u>13,652</u>
	=====	=====

8. EMPLOYEES

Employee costs during the period were as follows:

	28/2/2023 £	28/2/2022 £
Wages and salaries	557,925	576,364
Social security costs	50,654	52,983
Other pension costs	<u>61,484</u>	<u>40,447</u>
	670,063	669,794
	=====	=====

Included in the wages and salaries are non-statutory/non-contractual severance payments totalling £Nil (2022: £34,200).

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

	28/2/2023 Number	28/2/2022 Number
Management and administration	17	14
	==	==

The average number of employees based on head count was 19 (2022: 17).

The total costs attributable to senior management personnel amounted to £232,802 for the year to 28 February 2023 (2022: £270,734). Senior management personnel comprise the Chief Executive Officer, Finance Director, and the Fundraising and Marketing Director. The emoluments of higher paid employees fell within the following ranges:

	28/2/2023 Number	28/2/2022 Number
£70,001 to £80,001	1	1
£80,001 to £90,001	-	1
	==	==

9. 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 (2022: £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 £4,450 (2022: £4,960).

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

10. 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 4.

The summary financial performance of the Charity alone was:

	28/2/2023	28/2/2022
	£	£
Income		
Income from donations and legacies	1,158,432	833,465
Government grants	-	16,282
Investment income	<u>3,389</u>	<u>2,317</u>
Total income	<u>1,161,821</u>	<u>852,064</u>
Expenditure		
Raising funds	(356,210)	(326,006)
Charitable activities	<u>(1,055,823)</u>	<u>(945,439)</u>
Total expenditure	<u>(1,412,033)</u>	<u>(1,271,445)</u>
Revaluation in year	854,810	-
Net income for the year	604,598	(419,381)
Total funds brought forward on 28 February 2022	<u>798,034</u>	<u>1,217,415</u>
Total funds carried forward at 28 February 2023	<u>1,402,632</u> =====	<u>798,034</u> =====

11. TANGIBLE FIXED ASSETS

Consolidated and Tall Ships Youth Trust

	Yachts	Computers, Fixtures & Equipment	Total
	£	£	£
Cost or valuation:			
At 1 March 2022	1,856,120	135,388	1,991,508
Additions in year	-	15,594	15,594
Disposals	-	(51,030)	(51,030)
Revaluation	<u>29,797</u>	<u>-</u>	<u>29,797</u>
At 28 February 2023	<u>1,885,917</u> =====	<u>99,952</u> =====	<u>1,985,869</u> =====
Depreciation:			
At 1 March 2022	748,233	86,869	835,102
Provided in the period	123,741	15,985	139,726
Depreciation eliminated on disposal	-	(51,030)	(51,030)
Revaluation	<u>(825,012)</u>	<u>-</u>	<u>(825,012)</u>
At 28 February 2023	<u>46,962</u> =====	<u>51,824</u> =====	<u>98,786</u> =====
Net book amount at 28 February 2023	<u>1,838,955</u> =====	<u>48,128</u> =====	<u>1,887,083</u> =====
Net book amount at 28 February 2022	<u>1,107,887</u> =====	<u>48,519</u> =====	<u>1,156,406</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 £900,000 (2022: £1,063,204).

The Challenger Yachts are included above at a net book value of £450,000 based on a professional valuation completed by Berthon International Limited, an international yacht brokers, in 2023.

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

11. FIXED ASSETS (continued)

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

	£
Cost	1,094,928
Valuation	<u>790,989</u>
	1,885,917
	=====

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

	Yachts £ 28/2/2023	Yachts £ 28/2/2022
Cost	1,094,928	1,094,928
Accumulated depreciation	<u>(991,497)</u>	<u>(918,502)</u>
Net book amount at 28 February 2023	103,431	176,426
	=====	=====

12. DEBTORS

	Consolidated		Tall Ships Youth Trust	
	28/2/2023	28/2/2022	28/2/2023	28/2/2022
	£	£	£	£
Amounts owed by group undertakings	-	-	10,004	193,084
VAT recoverable	18,647	20,530	4,813	8,133
Other debtors	18,028	22,724	16,169	19,648
Prepayments	<u>29,875</u>	<u>22,992</u>	<u>17,818</u>	<u>20,314</u>
	66,550	66,246	48,804	241,179
	=====	=====	=====	=====

13. CURRENT ASSET INVESTMENTS

	Consolidated		Tall Ships Youth Trust	
	28/2/2023	28/2/2022	28/2/2023	28/2/2022
	£	£	£	£
UK investments – COIF Funds	6,124	5,823	6,124	5,823
	=====	=====	=====	=====

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 2023

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Tall Ships Youth Trust	
	28/2/2023	28/2/2022	28/2/2023	28/2/2022
	£	£	£	£
Bank Loan	55,556	56,560	55,556	56,560
Loans from Trustees and funders	40,000	84,000	40,000	84,000
Payments received on account	232,728	149,293	232,728	149,293
Trade creditors	127,414	142,499	21,855	35,547
Social Security and other taxes	14,148	16,328	14,148	16,328
Deferred income	-	18,459	-	18,459
Other creditors and accruals	<u>160,224</u>	<u>114,362</u>	<u>35,825</u>	<u>12,943</u>
	630,070	581,501	400,112	373,130
	=====	=====	=====	=====

Loans from Trustees and funders are secured by fixed charges over the Trust's vessels (see note 11).

The bank loan is secured on fixed and floating charges over the assets of the charity.

Deferred income relates to income in respect of future events.

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

	Consolidated		Tall Ships Youth Trust	
	28/2/2023	28/2/2022	28/2/2023	28/2/2022
	£	£	£	£
Loans from Trustees and funders	250,000	430,000	250,000	430,000
Other Creditors and accruals	-	85,183	-	-
Bank loan	<u>115,741</u>	<u>171,291</u>	<u>115,741</u>	<u>171,291</u>
	365,741	686,474	365,741	601,291
	=====	=====	=====	=====

Loans from Trustees and funders are secured by fixed charges over the Trust's vessels (see note 11).

The bank loan is secured on fixed and floating charges over the assets of the charity.

Included within other creditors is the pension deficit owed by Tall Ships Limited (see note 20).

16. ENDOWMENT FUNDS

	Michael Crocker £	Nova Scotia £	Lord Burnham £	Total £
At 1 March 2022 and at 28 February 2023	13,277	12,952	24,903	51,132
	=====	=====	=====	=====

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

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

17. RESTRICTED FUNDS

	Balance at 1/3/2022 £	Income £	Expenditure £	Transfer £	Balance at 28/2/2023 £
International fund	197,149	1,974	-	-	199,123
Legacy fund	240,467	-	(102,288)	-	138,179
Other specific funds	<u>607,086</u>	<u>378,971</u>	<u>(400,901)</u>	<u>-</u>	<u>585,156</u>
Total restricted funds	1,044,702 =====	380,945 =====	(503,189) =====	- ==	922,458 =====

The Specific Funds are donations made to the Trust to be used for specified purposes. At 28 February 2023 there were 404 separate funds (2022: 341). 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 28 February 2022 comparative period

	Balance at 1/3/2021 £	Income £	Expenditure £	Transfer £	Balance at 28/2/2022 £
International fund	195,197	1,952	-	-	197,149
Legacy fund	262,500	6,571	-	(28,604)	240,467
Other specific funds	<u>558,668</u>	<u>409,568</u>	<u>(364,754)</u>	<u>3,604</u>	<u>607,086</u>
Total restricted funds	1,016,365 =====	418,091 =====	(364,754) =====	(25,000) =====	1,044,702 =====

18. UNRESTRICTED FUNDS

Consolidated

	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2021	(940,805)	484,397	(456,408)
Income	877,243	-	877,243
Expenditure	(1,167,800)	-	(1,167,800)
Transfer designated to restricted voyage funds	25,000	-	25,000
Transfer between funds revaluations	<u>50,667</u>	<u>(50,667)</u>	<u>-</u>
At 28 February 2022	(1,155,695)	433,730	(721,965)
Income	1,367,814	-	1,367,814
Outgoing resources	(1,259,703)	-	(1,259,703)
Transfer designated to restricted voyage funds	-	-	-
Revaluation in year	<u>-</u>	<u>854,810</u>	<u>854,810</u>
At 28 February 2023	(1,047,584) =====	1,288,540 =====	240,956 =====

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

Tall Ships Youth Trust	General Reserve £	Revaluation Reserve £	Total £
At 1 March 2021	(334,479)	484,397	149,918
Income	433,973	-	433,973
Expenditure	(906,691)	-	(906,691)
Transfer designated to restricted voyage funds	25,000	-	25,000
Transfer between funds revaluations	<u>50,667</u>	<u>(50,667)</u>	<u>-</u>
At 28 February 2022	(731,530)	433,730	(297,800)
Income	780,876	-	780,876
Expenditure	(908,844)	-	(908,844)
Transfer designated to restricted voyage funds	-	-	-
Transfer between funds	-	-	-
Revaluation in year	<u>-</u>	<u>854,810</u>	<u>854,810</u>
At 28 February 2023	(859,498) =====	1,288,540 =====	429,042 =====

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Consolidated at 28 February 2023				
Tangible fixed assets	1,887,083	-	-	1,887,083
Current assets	(650,316)	922,458	51,132	323,274
Current liabilities	(630,070)	-	-	(630,070)
Creditors: due after more than one year	<u>(365,741)</u>	<u>-</u>	<u>-</u>	<u>(365,741)</u>
	240,956 =====	922,458 =====	51,132 =====	1,214,546 =====
Tall Ships Youth Trust at 28 February 2023				
Tangible fixed assets	1,887,083	-	-	1,887,083
Current assets	(692,188)	922,458	51,132	281,402
Current liabilities	(400,112)	-	-	(400,112)
Creditors: due after more than one year	<u>(365,741)</u>	<u>-</u>	<u>-</u>	<u>(365,741)</u>
	429,042 =====	922,458 =====	51,132 =====	1,402,632 =====

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

Year to 28 February 2022 comparative period

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Consolidated at 28 February 2022				
Tangible fixed assets	1,156,406	-	-	1,156,406
Current assets	(505,980)	1,044,702	51,132	589,854
Current liabilities	(685,916)	-	-	(685,916)
Creditors: due after more than one year	(686,475)	-	-	(686,475)
	(721,965)	1,044,702	51,132	373,869
	=====	=====	=====	=====
Tall Ships Youth Trust at 28 February 2022				
Tangible fixed assets	1,156,406	-	-	1,156,406
Current assets	(375,369)	1,044,702	51,132	720,465
Current liabilities	(477,546)	-	-	(477,546)
Creditors: due after more than one year	(601,291)	-	-	(601,291)
	(297,800)	1,044,702	51,132	798,034
	=====	=====	=====	=====

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.

20. 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 8.

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 £92,595 (2022 - £178,183).

TALL SHIPS YOUTH TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

21. LEASING COMMITMENTS

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

	28/2/2023		28/2/2022	
	Land & Buildings £	Other £	Land & buildings £	Other £
Within one year	25,000	12,641	25,000	12,853
Between two and five years	<u>70,833</u>	<u>10,108</u>	<u>95,833</u>	<u>10,689</u>
	95,833	22,749	120,833	23,542
	=====	=====	=====	=====

22. RELATED PARTY TRANSACTIONS

Loans

Included within the figures in notes 14 and 15 is £Nil (2022: £150,000) from Trustees and related parties, which are part of the secured charge on fixed assets (see note 11).

The aggregate donations from Trustees to the charity during the year was £4,230 (2022: £12,595).

The aggregate Trustee membership subscriptions during the year were £650 (2022: £5,790).

23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Group balances	28/2/2023 £	28/2/2022 £
Financial assets at amortised cost	284,619	453,066
Financial liabilities at amortised cost	<u>(763,083)</u>	<u>(1,100,223)</u>
Net financial liabilities	(478,464)	(647,157)
	=====	=====

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

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