

The Nautical Institute Annual Report – 2019



John Lloyd FNI
Chief Executive and Company Secretary
on behalf of the Executive Board

2019 saw varied activity at The Nautical Institute. The short courses were in a consolidation phase. The first cycle of Dynamic Position certificate revalidations was completed. Publications achieved their second highest level of sales. This was the second year of Captain Nick Nash's Presidency, and he represented the organisation at several events around the world.

There was more optimism than in recent years in the oil and gas sector, and this was reflected in some increase in related training and increased demand for logbooks. The NI held its first Global Meeting for training providers in Rotterdam.

The two-year pay freeze for Headquarters staff was released in 2019 and the pay review date brought forward to January to reflect the annual budget cycle. Staff turnover was low and absenteeism for sick leave was below sector averages.

Revenue in the year was slightly ahead (3%) of budget thanks in the main to particularly strong figures in publications.

The ISO 9001:2015 quality management standard was successfully maintained. The audit in January 2019 made no findings and reflected on several areas of good practice.

The Executive Board Trustees are very grateful for the support given to the Institute for the printing and distribution of *The Navigator* which this year received new grants totalling £125,000 from International Foundation for Aids to Navigation (IFAN) (£100,000) and Trinity House (£25,000). Thanks to this support The Nautical Institute continued to print and distribute close to 100,000 copies of *The Navigator* per issue.

Considerable effort was expended on membership activities during the year, including additional support for branch administration and the provision of complimentary short courses through a relationship with Videotel.

One highlight of the year was the Annual General Meeting held in Hong Kong, courtesy of the Hong Kong branch, and attended by over 100 delegates. We received generous sponsorship for the event, and shared an evening reception with the Women in Shipping and Trading Association (WISTA).

Staff and volunteer delegates from the membership have had another busy and productive year representing the members' views at all the International Maritime Organization's (IMO) meetings, and attending our own Council, Executive Board and other Committees.

This report aims to give an overview of the work of the Institute during the year. The Trustees are grateful to the many members and the staff whose dedication and professionalism continue to contribute to an effective and well-respected organisation.

The work of the Institute is not only a service to members but also a public benefit to maritime professionals, the industry and society in general. By sharing knowledge in nautical science and raising professional standards, we improve safety and the protection of the marine environment worldwide.

FINANCE AND STAFFING

The Trustees keep under review the Institute's income, expenditure and cashflow as well as risks that may affect its operations or reputation. The management of the investment portfolio was kept under review in a fairly volatile market which was affected by a certain amount of global uncertainty, but overall growth and a good income stream was maintained. The Reserve policy was reviewed to ensure the Institute's contingency needs continue to be met and the Contingency Reserve





was adjusted to reflect the changing staffing level. The Fund value at year end was £1,120,284 reflecting a total return of minus 5.3% (£57k) in difficult trading conditions.

The 2019 accounts reveal an operating surplus of £243,946 versus budget of £42,000. This was substantially better than the small budgeted surplus and reflects the success of the sales in publications and the cost control measures.

Please note that these figures are all taken from the management accounts. While we would usually publish the audited accounts in *Seaways* along with this annual report, the auditors have not yet returned their finalised report at the time of going to press. They will therefore appear in the June issue.

PUBLICATIONS

2019 proved to be one of the best years for book sales in the Institute's history. The launch of *Guidelines for Collecting Maritime Evidence Vol 2* during London International Shipping Week was the success of the year. By the middle of November some 5,300 books worth about £170,000 had been sold. Interest continues high. Much of the effort during the year was taken up in this project to ensure the book would be the high-quality product we expected it to be.

The latest Royal Navy book, the *Admiralty Manual of Navigation Vol 1 Principles of Navigation*, was successfully launched in London with about 50 people attending a seminar with speakers including the Royal Navy's First Sea Lord. This book has also enjoyed high sales.

In November we supported an international meeting of booksellers, hosting their AGM at The Nautical Institute's headquarters in London. This attracted 26 leading booksellers from all over the world and provided the perfect opportunity to showcase the Institute's wide range of book titles.

Some 17 publications are under development with new ideas coming all the time. A third edition of the DP Operator's Handbook has already been launched and has achieved good sales.

Seaways

The *Seaways* print run has fluctuated between 7,100 and 7,800 throughout the year, but the average print run is around 7,500. We are seeing an encouraging upturn in the number and quality of reports from branches, and the letters page continues to be as lively as ever, with discussion sparked both by *Seaways* articles and issues from the wider maritime world. The introduction of autonomous technology and what it will mean for people in the industry has been a key theme this year, reflecting the concerns and enthusiasms of our members. In addition to the usual range of articles, conference reports and letters, we have been making greater use of *Seaways* to keep members informed of offers, events and courses.

The publication of the *Ships' Officer* supplement was well received, although funding to further develop it has sadly not yet been forthcoming.

The move from biodegradable plastic wrap to paper wrap at the beginning of 2020 is under review, as some copies are arriving damaged.

Marketing and Comms

The Institute's new website was launched at the beginning of May 2019 and has been well received. In addition to a fresh look and feel it has delivered a number of practical benefits. For example, members can now log their professional development activities in the password-protected members' area. New members also have the option to pay their membership subscription by direct debit from day one.

In November, we launched our 'Shipping Leaders 2019' event, designed to provide our key stakeholders with an overview of the Institute's work during 2019 and plans for the following year. The event was a huge success and attracted many of the maritime industry's leading figures.

Our social media profile continues to grow and is under review following some thought-provoking suggestions from members of the Younger Members Council.

The Navigator Magazine

The Navigator magazine continues to inspire professionalism in marine navigators and its impact is evident from the hundreds of testimonials sent in throughout the year (mostly through Facebook). *The Navigator* works for a number of reasons:

- It's attractive and easy to read and share in its paper format;
- It encourages thought and starts discussions amongst navigators which leads to learning;
- The unprecedented distribution network makes it available to everyone on a global basis regardless of a subscription.

With generous funding from IFAN and Trinity House we were able to deliver 300,000 paper copies of *The Navigator* and many thousands more copies by the app and free downloads. Issue 20 explored the concept of Navigation Assessments and how a mentoring approach from an independent observer can add value to the bridge team and company performance.

Issue 21 covered the issue of weather, while issue 22 focused on the main causes of accidents and how to avoid them. We appreciate the regular contributions and support from the Royal Institute of Navigation and their representative Dr Andy Norris FRIN, FNI.



BRANCHES AND MEMBERSHIP

Membership recruitment remained strong in 2019, and by the end of the year was almost at the 7,000 mark – a milestone which it in fact reached in early 2020, for the first time in the Institute's history.

Grade	Number
Hon. FNI	22
FNI	522
AFNI	2185
MNI	3740
AMNI	18
AMNI (S)	460
Total	6947

Total membership as at end 2019

We continue to add benefits to improve member retention. The introduction of free online Videotel courses has proved immensely popular, with hundreds of members taking at least one course during 2019. More recently we have formed a partnership with The CV & Interview Advisors to provide members with a series of webinars focused on career building. The latest addition has been an agreement to supply members with access to Microlearn courses to support their continuing professional development.

Supporting branches

A key factor in the retention of members was the development of a branch toolkit containing guides and advice on external resources such as GoToMeeting, Eventbrite, and Doodle, helping branches to engage directly with members.

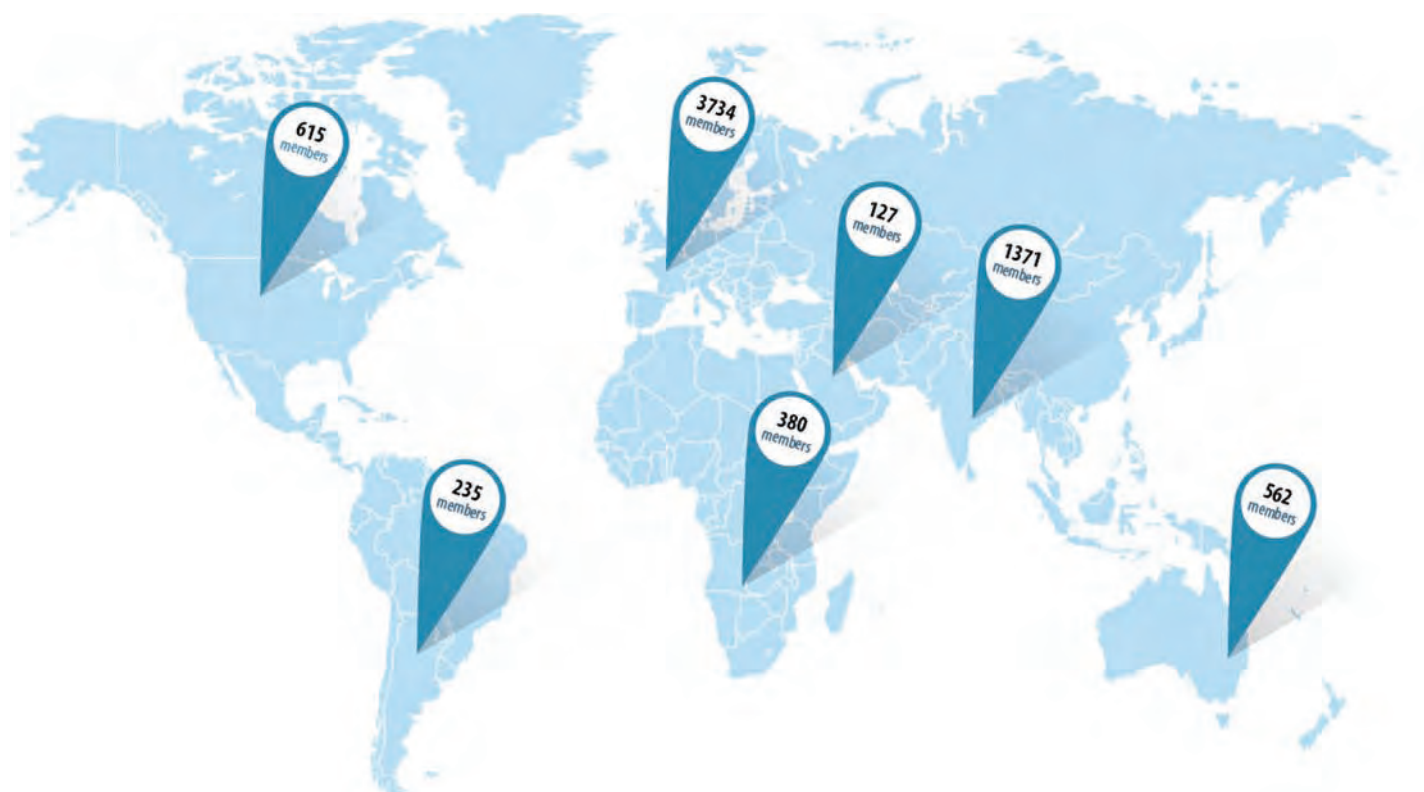
Branch web pages have been given more functionality since the launch of our new website. This allows branch officers to add events and announcements to directly engage with members and non-members. The creation of NI branch mailboxes has improved communications, allowing the committees to deal with emails related to them. New guidance on the usage of social media has enabled branches to promote the benefits of membership to a wider audience.

We have also strengthened the ways in which we show our appreciation of those who have recruited a significant number of members. Our member recruitment scheme now includes either a subvention or NI publications for a local institution, as well as the existing trophy and certificate of appreciation.

Younger Members' council

Addressing the concerns of our international network of members is key to making improvements to our industry. A Younger Members' Council (YMC) has been established to improve representation of the cohort between 18-35. The YMC meet twice a year on the same timeline as the main Council. Members expressed concerns regarding the poor training of young seafarers which leads to more accidents and near misses. They provided valuable feedback to the Council and made an action plan suggesting a strategy to help the NI towards improved representation of the wider maritime community.

Geographical Distribution



Regional distribution of members – correct as of Q1 2020

PROJECTS and IMO

Member Engagement

The ability of the NI staff and volunteers to engage with the industry is only made possible by constant support from our members. At the IMO, IALA, and countless other industry fora both formal and informal, we are respected as a practical and professional grassroots organisation representing mariners from around the world. We seek feedback on articles published in *Seaways*, *The Navigator*, our books and our website from:

- Targeted discussions on LinkedIn and other social media platforms;
- Twice yearly newsletters and video conferences for branch officers.

We highly value the input from our SeaGoing Correspondence Group (SGCG), an e-mail group that can react in nearly real time to technical debates, giving us the authority to influence discussions in a practical manner. Our committees are another strong source of advice, particularly the Technical, Professional Development and IMO Committees. Staff are always pleased to engage with our members through visits to Branches and international events. We welcome our members to visit us in NIHQ if they are in London.

Representation

A key part of our role as a membership organisation is to represent our members' views on industry issues such as regulation, training and education, best practices and the use of technology. As with many other industries these issues are changing rapidly and constantly. It is likely that in the years to come our industry will change more than at any time in history. We understand that our members are concerned about many of these issues, want to maintain their understanding and professional development in these areas, and also want to offer good advice to ensure a happy legacy for the next generation of 'those in control of seagoing craft'. The Executive Committee and Council will govern the Institute as best as possible to maintain industry engagement to ensure that membership of the NI is of maximum value.

IMO Matters

The NI continues its involvement as an IMO NGO. We attend a broad spectrum of committee and sub-committee meetings to address the wide range of our Members' interests, including the Maritime Safety (MSC), Maritime Environment Protection Committee (MEPC), Ship Design and Construction (SDC), Pollution Prevention and Response (PPR), Navigation, Communications and Search and Rescue (NCSR), Ship Systems and Equipment (SSE), the Legal Committee (LEG), the Facilitation Committee (FAL), Human Element Training and Watchkeeping (HTW), Carriage of Containers and Cargo (CCC), and Implementation of IMO Instruments (III). For each of these meetings, the process is to prioritise papers of interest, discuss draft strategies with the IMO Committee, manage delegate attendance, compile a post meeting report and to inform the longer-term NI strategies.

In 2019 the NI IMO Committee prioritised the following issues:

- MASS – Participation in CG definitions and scoping exercise, impact on human element;
- eNav (S-Mode) – approved by the IMO in May;
- Corruption – Supporting ICS and the Maritime Anti-Corruption Network (MACN);
- Life Saving Appliances (LSA) – Participation in Industry Lifeboat Group (ILG);
- VTS – Work with IALA on revision of VTS Guidelines Resolution A.857(20);
- Ballast Water Management – Monitor impact on operations and mariners;
- Fuel Oil Sulphur Content – Monitor impact;
- Human Element Industry Group.

VTSO issues and Training Accreditation

In 2019 the NI supported IALA in drafting a revision of the IMO Guidance on Vessel Traffic Services (VTS) (A857). As of May 2018, IALA members unanimously agreed to mandatory accreditation for VTS training courses within their jurisdiction through the creation of IALA Standards. With support from IALA, in 2019 the NI launched a 'scheme of audit for accreditation' for VTS training.

S-Mode and eNavigation

After 10 years of international negotiations and consultation, the concept of S-Mode (standard mode) for navigation displays has come to fruition at the IMO. The 'final' draft Guideline was approved at IMO in May 2019 (MSC 101), as reported in November *Seaways*.

The NI are very thankful to the government of Australia for taking the chair of the S-Mode correspondence group and for the close cooperation of CIRM.

Within the development of eNavigation, the NI continues to focus on resilient positioning, combining technology and traditional practices and the Human Element. The NI (with the support of CIRM) held a Human Centred Design (HCD) for navigation systems event on 28 November 2019.

MASS

As a member of the UK Maritime Autonomous System Regulatory Working Group (MASRWG), the NI has been involved in the recently published MAS Code of Practice, with particular interest in training.

MASS – Maritime Autonomous Surface Ships – have become a topic of discussion at the IMO. The NI focused on three key issues:

- All ships (manned or unmanned) must comply with the Colregs;
- The impact of autonomous systems (AI/decision support) on manned vessels and the human element issues arising from their use;
- Qualifications of MASS operators, particularly if they are not at sea.

The NI was asked to present a paper to the 5th UK Marine Autonomous Systems Regulatory Group Conference in January on the use of autonomous systems on manned vessels.

Short Courses

In 2019 we diversified into offering more courses. The full range is now:

- Navigation Assessor (2 day);
- Onboard Competency Assessment (2 day);
- Rethinking Accident Analysis (2 day);
- Improving Performance Through the Human Element (2 day);
- Blockchain for Maritime Decision-makers (2 days);
- Introduction to Shipping (1 day).

The focus of 2019 has also been on marketing and strengthening our quality and standards. Our unique selling point remains the quality of our instructors who are chosen for their rare combination of technical knowledge, in-field experience and ability to engage the students in learning and teaching (not just lecture). All students are requested to offer after-course feedback.

A welcome move in 2019 has been the development of bespoke in-house company courses based on a combination of our navigation assessment and general onboard assessment. These are combined into a three day course that supports the requirements in TMSA 3 for assessments of navigation, engineering, cargo and mooring operations. This new initiative has been so successful that two companies have already pre-booked a total of 10 courses for 2020 and other companies have expressed similar interests. Gains from this course have been reported as including changes in attitude and behaviour, greater understanding of risk and an improvement in safety leadership. As this area of work is expanding we are building capacity with new instructors.

RECOGNITION AND ACCREDITATION

Recognition Scheme

During the course of 2019 the Recognition Scheme offering continued to grow. By year end there were 47 courses granted the NI Approved for CPD logo and 12 specialist courses recognised for CPD in the offshore sector.

Recognition is defined by The Nautical Institute as the process of evaluating and endorsing a maritime training product or service which aligns with the constitutional aim of The Nautical Institute of raising professional standards and supporting professional development.

Products and services recognised by The Nautical Institute meet the following criteria:

- Availability and accessibility to an international maritime audience;
- Evidence of consultation with industry stakeholders on product or service content;
- Evidence of regular review;
- Not subject to government regulation and audit.

Recognition is valid for a period of not more than one year.

Fees

The following fees are charged to cover the cost of evaluating a product or service for recognition:

	2019	2020
Recognition:	£450.00	£475.00
Renewal:	£450.00	£475.00

Accreditation & Certification

Dynamic Positioning (DP) Scheme

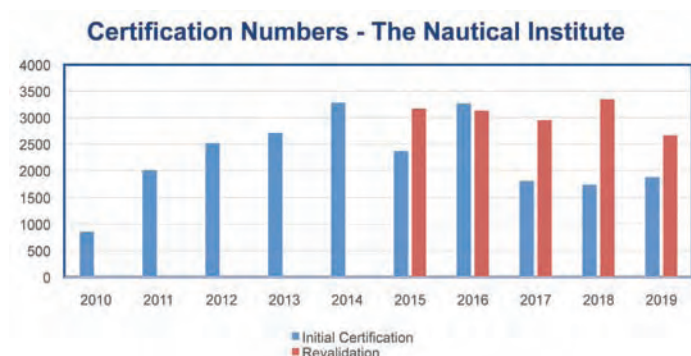
Operationally the Accreditation and Certification Services remain in good condition. Overall certification activity area developed as forecast, although there was a 7% reduction in the number of approved centres as some centres found trading conditions too difficult. A similar number of centres are expected to be lost in the coming year with a corresponding reduction in revenue.

Accreditation requirements in 2020 will be similar to that of 2018 at just under 30.

Sales for the DP Logbook and the Revalidation Logbook have exceeded expectations, with a corresponding number of DP Induction courses taken globally.

Processing time has mostly hovered between the one to two week marks with three weeks being the longest time taken this year for compliant applications. This is usually associated with staff leave periods.

“ 26285 – total DP certificates in date ”



The Nautical Institute continued to process significant volumes of applications for both initial certification and revalidation. A total of 4,533 applications were processed over 2019.

Accreditation

Despite the downturn and the voluntary (and reportedly temporary) closure of some training centres, 86 DP training centres remain active. Some training centres run specific courses in addition to the basic DP course:

- Current number of centres 86 (Americas 19, Asia & Australasia 32, Europe and Africa, 35);
- Total audit scheduled for 2020, 28;
- Training Centres opted out of reaccreditation in 2020, 2;
- Training Centres audit postponed in China due to Covid-19, 2;
- Number of new training centre/reinstatement, 1;
- Relocation audit, 1;
- Centres accredited for STR Course, 28;
- Revalidation Course, 48;
- Shuttle Tanker Course, 7;
- DP Technical Knowledge Part A Recognition Course, 13;
- DP Technical Knowledge Part B Recognition Course, 2;
- DP Emergency Ship Handling Recognition Course, 5;
- Refresher Course, 8;
- New training centre enquiry, 6.

Test Reach

- Induction Course online exam taken: 2,645;
- Simulator Course Online exam taken: 1,334;
- DP Knowledge for Tech Staff: 446;
- Revalidation Course: 80;
- Refresher Course: 19;
- Emergency Ship-handling Course: 7.



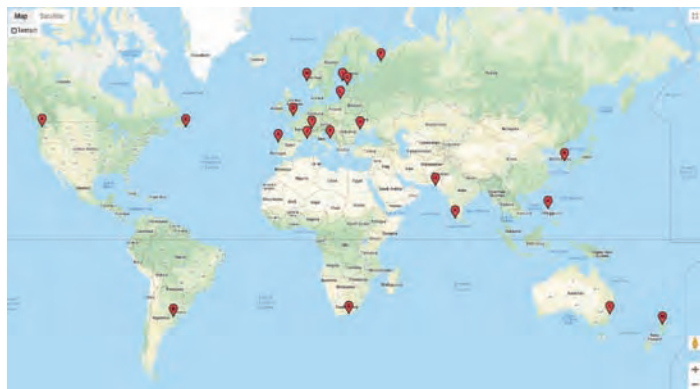
Accredited Training Centre worldwide map

Ice Navigation scheme

The Ice Navigation Scheme has continued to demonstrate global appeal, with the NI now having certificated 177 competent navigators of ships in a range of ice conditions at sea hailing from over 20 nations. Over a third of these are Russian seafarers operating mostly on LNG tankers along the Northern Sea Route, but many others have logged experience on board cruise ships, bulkers, Baltic icebreakers and Polar research ships.

All applicants to the scheme applied via the 'grandfather' route, using a mixture of sea time and simulator training to qualify. Uptake of the 'new entrants' route has so far been nil due to just three Ice Navigation courses being recognised globally (one of which is also NI-accredited), but this is likely due to the present focus on Polar Code, rather than Ice Navigation skills' training.

We are committed to improving awareness of the Scheme, and to promoting the value of this certificate in a world where ice navigation is likely to increase. The nationality distribution of Ice Navigators is shown below:



Oil Spill Response

2019 saw an ongoing increase in activity in the Oil Spill Accreditations service.

The NI was selected by the UK's Maritime and Coastguard Agency (MCA) to be an accreditation body for its newly introduced National Marine Oil Spill Responder Standard. We have already completed four accreditations in this area and a number of enquiries are currently being addressed in the much larger overseas market. The NI continue to work with the MCA in developing the Scheme.

The introduction of a service to hold certificate records for international scheme members has exceeded expectations. It is providing a global database of trained personnel at NI recognised centres and provides a solid source of revenue to the NI.

The anticipated growth in international approvals for oil spill training companies has materialised and world-wide coverage continues to grow. This includes areas such as France, Kazakhstan and United Arab Emirates, which are generally considered hard to reach with these services. The growth includes existing companies adding new streams to their training courses.

The Alexis platform website has been amended to reflect the new income streams.

Looking forward

The Nautical Institute is grateful to all its members, staff and supporters around the world who put in such efforts to ensure that we continue to meet and extend our aims. It is thanks to them that we are in a strong position to continue being a force for positive change in the maritime industry in 2020 and beyond. 🌐



International approvals for oil spill training companies



THE NAUTICAL INSTITUTE

(A Company Limited by Guarantee)
Company No. 2570030

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2019

Registered Charity No: 1002462

THE NAUTICAL INSTITUTE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2019

INDEX

	Page
Legal and Administration Information	1
Report of the Trustees	2
Responsibility of Trustees	3
Report of the Auditors	4 to 5
Summary Income and Expenditure Account	6
Statement of Financial Activities	7
Balance Sheet	8
Notes forming part of the Financial Statements	9 to 13
Cash flow Statement	14

THE NAUTICAL INSTITUTE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2019
LEGAL AND ADMINISTRATION INFORMATION

Status

The Nautical Institute is a charitable company limited by guarantee, incorporated on 20th December 1990.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the trustees are elected by Council to serve a period of up to 3 years and may be re-elected for a further 3 years.

Trustees

The trustees of the company at the financial year end were:

Mr. Moin Ahmed		Mr. George Lang	
Captain M K Barritt	Resigned 23.6.2019	Captain I Mathison	
Mr. D Bendall	Resigned 14.6.2019	Captain J P Menezes	
Captain Z Bhuiyan		Captain M L G Nuytmans	
Mr. Allen Brink		Captain D Telfer	
Mr. F Coles		Captain J P Szymanski	
Captain G Cowling		Captain K D Austin	Appointed 23.06.2019
Mr. P B Hinchliffe			

Secretary	Mr. P J Lloyd
Registered Office	202 Lambeth Road London SE1 7LQ
Auditors	Appleby & Wood 40 The Lock Building 72 High Street Stratford London E15 2QB
Bankers	The Royal Bank of Scotland 62-63 The Threadneedle Street London EC2R 8LA
Fund Managers	Rathbones 1 Curzon Street London W1J 5FB

THE NAUTICAL INSTITUTE
REPORT OF THE TRUSTEES
31ST DECEMBER 2019
Co. No. 2570030

The trustees present their report and the audited financial statements for the year ended 31st December 2019.

Principal activities

The Institute is registered as a Company limited by guarantee to promote and maintain nautical education.

Public Benefit

The trustees confirm that they have complied with the duty in Section 4 of the Companies Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and that the activities carried out by the charity during the year were all undertaken in order to further the charity's aims for the benefit of the Charity's beneficiaries. A detailed explanation is shown under Objectives and Activities on the Trustees report published in the May issue of the Institute's Journal, Seaways.

State of affairs and business review

The company made an operating surplus on the General Fund of £243,945 for the current year (2018: £333,383). After taking into account investment activities, designated funds movements and unrealised surplus the company made a surplus of £371,237 (2018: £276,471).

The trustees keep the Reserves Policy under regular review. The Institute holds reserves in order to ensure as far as possible that its Objects may be met in future. Total invested reserves at present stand at £1,347,287 (2018: £1,120,284) which is comprised of the Contingency Reserve £626,000 (2018: £555,000) calculated as shown on page 8 and the remainder acting as a Projects Reserve. The trustees consider that this amount of free reserves is adequate to ensure that the Institute's services are not compromised in the short term. The investment policy of the Institute is to maximise the total return from capital and income combined while maintaining a medium level of risk. Management of the funds is delegated to external investment managers on a discretionary basis and the trustees review the performance of the managers against benchmarks on a regular basis.

The trustees review the Institute's Risk Management Policy at regular intervals. After considering the principal areas of strategic and operational risk, the trustees are confident that the appropriate means of control and mitigation have been adopted. Prudent management practices with awareness of changes in the operating environment are felt to be in place. The Management of the Institute are responsible for the day to day management of risk and minimising the effect of any adverse events. The Trustees decided to maintain staffing levels through the year due to the demand for Institute services, so authorised cash drawdown to sustain operations, which was not actually required.

The Institute operates a remuneration policy based on salary scales by grade with annual RPI and other changes determined by the Executive Board during the budget planning process. A delegated group of trustees appraise the Chief Executive at least annually and set his remuneration for the forthcoming year. A non-contributory pension investment of 9% of salary, is made to staff personal pension schemes.

The Institute greatly values the contribution of its trustees and members in the work of the charity which ranges from their roles in the governance structure to representation input to the industry's decision making bodies and writing for the Journal and other publications. Due to the diversity of these voluntary contributions and the large number of members involved (some 140 in central governance roles) it is not feasible to assess the value in terms of time or money.

Auditors

The auditors, Appleby and Wood are willing to continue in office and resolutions concerning the appointment of Auditors will be submitted to the annual general meeting.

Fixed assets

Changes in the company's fixed assets during the year are shown on the balance sheet.

Trustees

The trustees of the company at the financial year end were:

Mr. Moin Ahmed		Mr. P B Hinchliffe	Captain K D Austin
Captain M K Barritt	Resigned 23.6.2019	Mr. George Lang	Appointed 23.06.2019
Mr. D Bendall	Resigned 14.6.2019	Captain I Mathison	
Captain Z Bhuiyan		Captain J P Menezes	
Mr. Allen Brink		Captain M L G Nuytemans	
Mr. F Coles		Captain D Telfer	
Captain G Cowling		Captain J P Szymanski	

This report has been prepared in accordance with Statement of Recommended Practice- Accounting and Reporting by Charities and in accordance with special provisions of part 15 of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:

Mr P J Lloyd
Secretary



Date:

28 May 2020

THE NAUTICAL INSTITUTE
TRUSTEES' RESPONSIBILITIES

Statement of Trustees' Responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the trustees are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

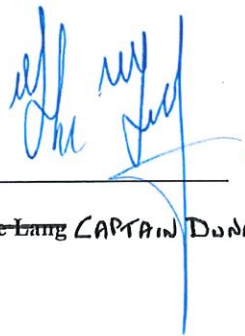
State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



Mr. P B Hinchliffe
Treasurer



~~Mr. George Lang~~ CAPTAIN DUNCAN TELFER
Treasurer

Date:

THE NAUTICAL INSTITUTE LIMITED

Independent Auditor's Report to the members of The Nautical Institute Limited

Opinion

We have audited the financial statements of The Nautical Institute Limited (the 'charitable company') for the year ended 31st December 2019 which comprise the Statement of Financial Activities and the Balance Sheet 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 charitable company's affairs as at 31st December 2019 and of its 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

Independent Auditor's Report to the members of The Nautical Institute Limited (continued)

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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



R W Williams (Senior Statutory Auditor)

For and on behalf of Appleby & Wood, Statutory Auditor
40 The Lock Building
72 High Street
Stratford
London E15 2QB

Date 8th October 2020

THE NAUTICAL INSTITUTE
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019	2018
Income	3,568,673	3,311,402
Gain/(loss) on investments	<u>96,643</u>	<u>(81,944)</u>
Gross income in reporting period	3,665,316	3,229,458
Expenditure	(3,294,079)	(2,952,987)
Net income before tax for the reporting period	<u>371,237</u>	<u>276,471</u>
Tax Payable	-	-
Net income for the financial year	<u><u>371,237</u></u>	<u><u>276,471</u></u>

All income is unrestricted funds.

A detailed analysis of income and expenditure by source is provided in the Statement of Financial Activities and the notes to the financial statements.

THE NAUTICAL INSTITUTE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	Unrestricted Fund £	Designated Fund £	Total Funds 2019 £	Total Funds 2018 £
Income and endowments from:					
Donations and Legacies		156,200	-	156,200	166,667
Charitable activities	2	2,625,446	-	2,625,446	2,652,018
Other trading activities	4	746,029	-	746,029	460,842
Investment income	5	2,232	38,766	40,998	31,875
Other		-	-	-	-
Total		3,529,907	38,766	3,568,673	3,311,402
Expenditure on:					
Raising funds	6	450,546	-	450,546	433,343
Charitable Activities	7	2,823,672	8,117	2,831,789	2,519,644
Other- Office refurbishment costs		11,744	-	11,744	-
Total		3,285,962	8,117	3,294,079	2,952,987
Net gain / (loss) on investments		-	96,643	96,643	(81,944)
Net income		243,945	127,292	371,237	276,471
Transfers between funds		(100,000)	100,000	-	-
		(289)	289	-	-
Net movement in funds		143,656	227,581	371,237	276,471
Reconciliation of funds:					
Total funds brought forward		974,165	1,129,116	2,103,281	1,826,810
Total funds carried forward at 31st December 2019	18	1,117,821	1,356,697	2,474,518	2,103,281

Movements in funds are disclosed in Note 18 to the financial statements.

All amounts above relate to unrestricted funds.

The notes on pages 8 to 13 form part of these financial statements.

THE NAUTICAL INSTITUTE
BALANCE SHEET AS AT 31ST DECEMBER 2019
Company No. 2570030

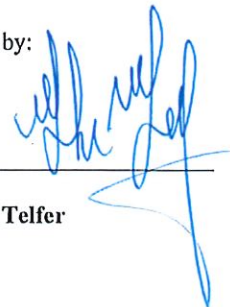
	Note	Total funds 2019		Total funds 2018	
		£	£	£	£
Fixed assets					
Tangible assets	13		101,387		120,913
Investments	14		<u>1,347,287</u>		<u>1,120,284</u>
Total fixed assets			1,448,674		1,241,197
Current assets					
Stocks	15	51,083		73,365	
Debtors	16	359,911		331,136	
Cash at bank and in hand		<u>941,491</u>		<u>824,437</u>	
Total current assets		1,352,485		1,228,938	
Liabilities:					
Creditors: amounts falling due within one year	17	(326,641)		(366,854)	
Net current assets			1,025,844		862,084
Total net assets or liabilities			<u>2,474,518</u>		<u>2,103,281</u>
The funds of the charity:					
Unrestricted funds:					
Designated funds	18		1,356,697		1,129,116
General funds			<u>1,117,821</u>		<u>974,165</u>
Total charity funds			<u>2,474,518</u>		<u>2,103,281</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the board of trustees on 28th May 2020 and signed on their behalf by:



Mr. P B Hinchliffe
Trustee



Captain D. Telfer
Treasurer

The notes on pages 8 to 13 form part of these financial statements.

THE NAUTICAL INSTITUTE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006 and follow the recommendations of the 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).

b) Depreciation of fixed assets

Furniture and office equipment is depreciated on the straight line basis at cost over its estimated useful life at the rate of 10% per annum. Computer equipment is depreciated at a rate of 33 1/3% per annum on cost.

c) Revaluation of investments

The investment assets have been shown at market value for the year ending 31st December 2019 with the comparatives for the year ending 31st December 2018 also shown at their market value. The revaluation surplus has been shown on the statement of financial activities as net realised and unrealised gain on investment assets.

d) Corporation tax

The company has taken advantage of the tax exemption allowed due to its charitable status.

e) Allocation of expenditure

10% of salaries and 50% of travelling and meeting expenses have been allocated to management and administration of the Institute, which reflects the proportion incurred in this activity.

f) Capital reserve fund

This has been set up to create a Contingency Reserve and a Projects Reserve. The Contingency Reserve should be based on 3 months staff costs, 6 months rent and services and the average trade creditors. The Projects Reserve is to enable the Institute to fund specific projects with the approval of the Executive Board of Trustees. This Fund would be reviewed annually.

g) Stock

The stock held is the stock of books, both historical and current, and are valued at estimated selling price less costs to complete and sell. The stock of books is reviewed periodically for the professional content and current relevance and a bad debt provision is calculated on this basis.

THE NAUTICAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Unrestricted Fund £	Designated Fund £	Total 2019 £	Total 2018 £
2 Charitable activities				
Charitable activities 3	233,173	-	233,173	169,501
Entrance fees, transfer fees and subscriptions	692,774	-	692,774	683,418
Training and courses	187,611	-	187,611	-
Accreditation Certification and training	1,511,888	-	1,511,888	1,799,099
Educational Fund grants	-	-	-	-
	<u>2,625,446</u>	<u>-</u>	<u>2,625,446</u>	<u>2,652,018</u>
3 Seminars & Conferences				
	Seminar/ Conferences £	Seaways Journals £	2019 £	2018 £
Income				
Conferences and seminars	83,967	-	83,967	38,087
Seaways income (subscribers & Affiliates)	-	119,583	119,583	98,905
Seaways advertising income	-	29,623	29,623	32,509
	<u>83,967</u>	<u>149,206</u>	<u>233,173</u>	<u>169,501</u>
Expenditure				
Conferences/seminars	83,423	-	83,423	33,660
Seaways publications	-	210,921	210,921	194,568
Mars	-	6,000	6,000	6,000
Seaways advertising cost	-	6,343	6,343	9,088
	<u>83,423</u>	<u>223,264</u>	<u>306,687</u>	<u>243,316</u>
Surplus/(deficit) on Seaways & conferences	<u>544</u>	<u>(74,058)</u>	<u>(73,514)</u>	<u>(73,815)</u>
4 Other trading activities				
	Books	Services	2019	2018
Sales	743,494	2,535	746,029	460,842
Costs of sales				
Opening stocks	68,357	5,008	73,365	79,398
Purchases	394,734	-	394,734	378,675
	<u>463,091</u>	<u>5,008</u>	<u>468,099</u>	<u>458,073</u>
Less: closing stocks	(47,454)	(3,629)	(51,083)	(73,365)
Costs of sales	<u>415,637</u>	<u>1,379</u>	<u>417,016</u>	<u>384,708</u>
Surplus on other trading activities	<u>327,857</u>	<u>1,156</u>	<u>329,013</u>	<u>76,134</u>
5 Investments income				
	General Fund £	Designated Fund £	2019 £	2018 £
Bank interest	2,232	-	2,232	724
Dividends	-	38,766	38,766	31,151
	<u>2,232</u>	<u>38,766</u>	<u>40,998</u>	<u>31,875</u>

THE NAUTICAL INSTITUTE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	Unrestricted Fund £	Designated Fund £	Total 2019 £	Total 2018 £
6 Raising funds					
Cost of generating funds	4	417,016	-	417,016	384,708
Publicity		33,530	-	33,530	48,635
		<u>450,546</u>	<u>-</u>	<u>450,546</u>	<u>433,343</u>
7 Charitable activities					
Cost of activities in furtherance of the Institute's objectives	3	306,687	-	306,687	243,316
Support costs	8	723,759	-	723,759	699,687
Administration & Governance costs	9	603,466	-	603,466	577,629
Project & Training		289,570	-	289,570	79,330
Training and Courses		138,696	-	138,696	-
Accreditation and Certification		761,494	8,117	769,611	919,683
Prizes and scholarships		-	-	-	-
		<u>2,823,672</u>	<u>8,117</u>	<u>2,831,789</u>	<u>2,519,644</u>
8 Support costs			2019	2018	
			£	£	
Branch subventions			22,096	4,668	
Staff costs	11		652,259	647,969	
Travelling and meetings			49,404	47,050	
			<u>723,759</u>	<u>699,687</u>	
9 Administration & Governance costs			2019	2018	
			£	£	
Postage and telephone			40,202	37,549	
Printing and stationery			9,894	12,014	
Computer expenses			52,513	79,623	
Auditors fees			5,800	5,700	
Credit Card & Bank Charges			41,168	38,688	
Rent, rates and service charges			149,925	115,368	
Insurance			6,026	6,643	
Insurance - Members Benefit			35,189	46,805	
Office equipment rental			6,033	4,206	
General expenses			9,368	13,527	
Travelling, meetings and AGM expenses			49,404	47,050	
Legal & Professional fees			30,376	9,745	
Training Costs			7,656	5,606	
Staff costs	11		72,473	71,997	
Depreciation			87,439	83,108	
			<u>603,466</u>	<u>577,629</u>	
10 Net movement in funds for the year			2019	2018	
			£	£	
This is stated after charging:					
Depreciation of fixed assets			87,439	83,108	
Auditors remuneration (audit services)			<u>5,800</u>	<u>5,700</u>	

THE NAUTICAL INSTITUTE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

11 Staff costs	2019	2018
	£	£
Salaries & wages	1,306,781	1,161,589
Social security costs	136,485	120,034
Pension	116,533	96,019
<i>Total staff cost including benefits</i>	<i>1,559,799</i>	<i>1,377,642</i>
Less: allocated to cost centres (excluding membership)	(835,066)	(657,677)
<i>Staff costs included within overhead cost.</i>	<i>724,733</i>	<i>719,965</i>
No. of employees earning £60,000 to £70,000	2	3
No. of employees earning £70,001 to £80,000	2	-
No. of employees earning £80,001 to £90,000	-	1
No. of employees earning £90,001 to £100,000	-	1
No. of employees earning £100,000 +	4	2
Average number of employees	35	32

The chairman and trustees did not receive any remuneration during the year.

12 Taxation

The charitable company is exempt from corporation tax on its charitable activities.

13 Tangible fixed assets	Office furniture & Equipment	Computers	Total
Cost	£	£	£
At 1st January 2019	78,496	583,241	661,737
Additions	1,095	66,818	67,913
Disposals	-	-	-
At 31st December 2019	79,591	650,059	729,650
Accumulated depreciation			
At 1st January 2019	46,723	494,101	540,824
Charge for the year	6,307	81,132	87,439
Disposals	-	-	-
At 31st December 2019	53,030	575,233	628,263
Net book values:			
As at 31st December 2019	26,561	74,826	101,387
As at 31st December 2018	31,774	89,139	120,913

14 Investments	2019	2018
	£	£
Market value at 1 January 2019	908,680	1,177,196
Acquisition at cost	858,179	-
Sales proceeds at market value	(573,170)	(170,454)
Surplus / Loss in the year	96,643	(98,062)
Market value at 31 December 2019	1,290,332	908,680
Other Holdings		
Cash	56,955	211,604
Market value as at 31 December 2019	1,347,287	1,120,284
Historical cost as at 31st December 2018	1,120,284	965,620

THE NAUTICAL INSTITUTE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 £	2018 £
15 Stocks		
Books	47,454	68,357
Member services	3,629	5,008
	<u>51,083</u>	<u>73,365</u>
16 Debtors		
Trade debtors	146,096	58,438
Prepayments	91,750	66,890
Other debtors	100,977	186,232
VAT	21,088	19,576
	<u>359,911</u>	<u>331,136</u>
17 Liabilities: Creditors: Amounts falling due within one year:		
Trade creditors	73,358	121,671
Accruals	211,094	208,491
PAYB & other creditors	42,189	36,692
	<u>326,641</u>	<u>366,854</u>

	Balance 01.01.2019 £	New Designated £	Utilised/ Realised £	Transferred £	Balance 31.12.2019 £
18 Designated funds					
Capital Reserve Fund	1,118,771	135,409	(8,117)	100,000	1,346,063
Educational fund	10,345	-	-	289	10,634
	<u>1,129,116</u>	<u>135,409</u>	<u>(8,117)</u>	<u>100,289</u>	<u>1,356,697</u>

19 Related Party Transactions

No Trustee received any remuneration for services as a Trustee. The amount of £10,030 (2018: £10,998) was reimbursed to Trustees to cover miscellaneous travel expenses in connection with their roles as Trustees.

Trustees and Council members use the Institute's services on the same terms as other members. Because of the nature of the Institute's trades it is not practical to quantify the total of transactions with these members during the year. However, only minor balances were owed to and from these members as at 31st December 2019 and any fees paid to these members are shown separately in the Revenue Account. Trustees and Council members are required to be full voting members of the Institute.

Due to the nature of the Institute's trade, a number of the Trustees and Council are also directors/trustees/employees of entities with which the Institute trades, and due to the nature of the trade, it would not be practical to quantify the total of transactions in the period.

THE NAUTICAL INSTITUTE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER 2019

Statement of cash flows

	Total 2019 £	Total 2018 £
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities</i>	274,329	383,050
Cash flows from investing activities:		
Dividends, interest and rents from investments	40,998	31,875
Proceeds from the sale of property, plant and equipment	-	"
Purchase of property, plant and equipment	(67,913)	(94,110)
Proceeds from sale of investments	573,170	170,454
Purchase of investments	(858,179)	-
<i>Net cash provided by (used in) investing activities</i>	(37,595)	491,269
Cash flows from financing activities:		
Repayments of borrowing	-	-
Cash inflow from new borrowing	-	-
Receipt of endowment	-	-
<i>Net cash provided by (used in) financing activities</i>	(37,595)	491,269
<i>Change in cash and cash equivalents in the reporting period</i>	(37,595)	491,269
Cash and cash equivalents at the beginning of the reporting period	1,036,041	544,772
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the end of the reporting period	998,446	1,036,041

Reconciliation of net income/(expenditure) to net cash flow from operating activities

<i>Net income/(expenditure) for the reporting period</i> <i>(as per the statement of financial activities)</i>	371,237	276,471
Adjustments for:		
Depreciation charges	87,439	83,108
(Gains)/Losses on investments	(96,643)	81,944
Dividends, interest and rent from investments	(40,998)	(31,875)
Loss/(profit) on the sale of fixed assets	-	"
(Increase)/decrease in stocks	22,282	6,033
(Increase)/decrease in debtors	(28,775)	(41,098)
Increase/(decrease) in creditors	(40,213)	8,467
<i>Net cash provided by (used in) operating activities</i>	274,329	383,050

Analysis of cash and cash equivalents

	Total	Total
Cash in hand	941,491	824,437
Investment capital reserve account	56,955	211,604
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
Total cash and cash equivalents	998,446	1,036,041

APPLEBY & WOOD

Accountants and Registered Auditors

40 THE LOCK BUILDING
72 HIGH STREET
LONDON E15 2QB

Telephone: (020) 8534 0383/0388
Fax: (020) 8519 6571
E-mail: appleby.wood@btconnect.com

Partner:
R W Williams FCCA
Consultants:
P J Ludlow MAAT
R R Oswald BSC, FCA
P Wong FCCA, MBA

Your Ref:

Our Ref:

RW/TNI/419

7th May 2020

The Directors
The Nautical Institute
202 Lambeth Road
London
SE1 7LQ

Gentlemen

Re: Management Report for the Year Ended 31st December 2019

We attach our report of the significant matters which came to our attention during the course of our audit.

Independence and Objectivity

We operate a number checks to ensure that we continue to act independently. We have enquired whether any partners or staff have a connection to the Company, its staff or the directors. We are not aware of any matters which would impact on our independence and objectivity as auditors.

Respective Responsibilities

The directors have a primary responsibility for the company's timely publication of statutory financial statements and the establishment and ongoing maintenance of an adequate system of custodial and management control over the company's assets and transactions.

Our audit examination is designed to enable us to express an opinion on your financial statements as a whole and their compliance with relevant statutory reporting requirements. It must therefore be recognised that this post audit report cannot be relied upon as an exhaustive catalogue of all the actual or potential weaknesses which may exist in the systems you have devised to discharge your responsibilities.

This report is designed to highlight those material weaknesses in your financial systems and controls which came to our attention during the audit. It is also intended to suggest ways in which management effectiveness can be improved.

We draw your attention to the following matter.

1. Related Party transactions

As an employee, Mr W Din has a related party link to one of your suppliers Centrepont Computer Services Ltd. Please confirm that any relevant invoices received has been authorised by the CEO before being processed by the finance department.

CONTINUATION

We would like to take this opportunity to thank Mr J Lloyd, Mr. W Din and all the staff at the company for their assistance during the audit. We would also like to congratulate Mr Din on maintaining good financial records.

Yours faithfully,

Appleby & Wood

Appleby & Wood