

Company registration number: 06569266

Charity registration number: 1124276

Adventure Under Sail

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 30 April 2016

Adventure Under Sail

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Adventure Under Sail

Reference and Administrative Details

Trustees	K Heenan S Thorrington M Knight (Resigned 18 October 2016)
Secretary	Miss K Heenan
Senior Management Team	R Butler, Chief Executive Officer (Sept 15 - Aug 16) R Robson, Operations Manager
Principal and Registered Office	Unit 6 Basepoint Business Centre 15 Jubilee Close Weymouth Dorset DT4 7BS
Company Registration Number	06569266
Charity Registration Number	1124276
Bankers	The Co-operative Bank Central Commercial Branch PO Box 250, Skelmerdale WN8 6WT
Independent Examiners	PKF Francis Clark Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW

Adventure Under Sail

Trustees' Report

The trustees (who are also directors of Adventure Under Sail for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Objectives and Activities

The purpose of the charity is set out in the objects contained in the company's memorandum of association:

To educate people through the provision of sailing or sailing related activities and other training so as to develop their physical, mental and social capabilities so that they grow to full maturity as individuals and members of society and their conditions may be improved.

The aims of the charity are to offer people the opportunity to improve their lives through the experience of sail training on the T. S. Pelican of London. Our aims fully reflect the purposes for which the charity was set up.

Ensuring our work delivers our aims

The trustees review aims, objectives and activities each year to ensure they remain focused on our stated purposes. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each activity and the benefits they have brought to those groups of people we are set up to help. The guidance contained in the Charity Commission's guidance on public benefit is considered when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Achievements and Performance

Our objectives for the year were to continue to strengthen and develop the governance of the charity, making it stronger and more resilient for its primary purpose of continuing to provide opportunities for people to learn and develop through sailing on the T. S. Pelican of London. The strategies we used to meet these objectives included:

- The staffing structure was strengthened.
- The structure of the ship was thoroughly reviewed and assessed, and several improvements made costing over £100K.
- Ongoing risk assessment associated with operational matters.
- Providing bursaries for young people to sail on the T. S. Pelican of London.
- Developing new partnerships and strategic alliances with other charitable organisations who work with young people, particularly those who come from socially excluded backgrounds, and to offer educational programmes which best respond to their life situations.

A particular objective of the charity is to broaden the scope of its work with young people from all backgrounds in order to give more opportunities to participate in the charity's activities, which in turn will grow the income base to ensure that it is sustainable into the future. We have entered into partnership discussions with other charitable and not-for-profit organisations specifically for these purposes. We believe that these strategies will underpin our aims of engaging more young people in the highest possible experience of learning and development through adventure sail training. This delivers public benefit by improving the lives of those young people and the contribution that they make to society beyond.

Adventure Under Sail

Trustees' Report

In all, 519 people sailed on the T S Pelican between May 2015 and April 2016 on 28 voyages including day sails. 247 of these were trainees on 4 exclusive youth voyages, and the remainder were a mix of day-sails and adult voyages on which youth trainees also participated. Unfortunately during the 2015 summer sailing season the ship suffered from some technical problems which resulted in voyage cancellations. The technical issues were subsequently addressed by considerable repair and improvement work in the 2015/16 winter period such that the 2016 summer sailing season was much more successful.

Public Benefit

The Trustees have given due regard to public benefit when planning the charity's activities, in accordance with the Charity Commission's Guidance on Public Benefit. The previous paragraphs set out our activities, achievements and performance during the year, which are directly related to the objects and purposes for which the Charity exists. The Charity achieved its principal objects and purposes through the provision of sailing related activity and other training. These benefits are directly related to the aims of the Charity and are fully compliant with the Charity Commission Principles on Public Benefit.

Plans for future periods

The charity plans to continue the activities outlined above in the forthcoming years subject to satisfactory funding arrangements. During the subsequent 2016-17 financial year the charity has continued to:

- Undertake its annual survey of the vessel and drawn up a long term maintenance plan.
- Work with other charities who work with young people from socially excluded backgrounds to develop the educational experience offered.
- Winter alongside in Weymouth from September 2016 to April 2017 to reduce cost and build an appropriate programme.
- Offer the ship as a 'pop – up' cafe, open to the public on Saturday and Sunday for 'tea-shop' service during the day. The ship will also be available for public and private functions by appointment.
- Promote the ship to new audiences.
- Work in partnerships with other organisations promoting 'adventure' holidays.
- Targeted advertising - Being more responsive to our service-users and customers.
- Refresh its website and social media presence to be more responsive to current trends and market demands.

Structure, governance and management

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 14 April 2004 and registered as a charity on 31 May 2008. 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. The liability of the directors is limited.

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Trustees' Report

Recruitment and appointment of trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as directors. Under the requirement of the Memorandum and Articles of Association there is no term provided for the length of time for which trustees are elected to serve. This is an area that will be reviewed by the current trustee board. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts. The board currently has two trustees and are actively seeking new members. They intend to undertake a recruitment process in order to build the board to six to eight people providing the skills and experience needed by the charity, with more emphasis on locally (Weymouth and Dorset) available people.

Financial review

During this financial year the charity committed over £100K to expenditure on repairs and improvements to the ship, in particular a replacement engine, all to increase its reliability. This contributed to a deficit of income over expenditure during the year of £97,316. Over the last two years the trustees committed to meeting current deficits from the accumulated surpluses of previous years, in particular those from the year ending 30 April 2014. These reserves are finite of course, and the trustees are confident that their planned strategies going forward will secure further funding to confirm long term sustainability..

We continue to form strategic alliances and partnerships with other organisations operating in the voluntary sector, increasing the range of services and beneficiaries of the charity, and in particular to provide sail training opportunities to young people from socially deprived backgrounds, which in turn will increase its income for services provided. We have also benefitted from financial support in the way of bursary funding for voyages, which will contribute to our financial sustainability over coming years.

Reserves Policy

The board has examined the charity's requirement for reserves in the light of the main risks to the organisation. It has established a policy whereby unrestricted funds not committed or invested in tangible fixed assets held by the charity should be the equivalent of two months' projected income. Our projected income for the 2016/17 year is around £565,000, and therefore the target is £94,000 in general funds. The purpose of the reserves is to keep the charity in operation should there be a shortfall in the targeted income. The total of unrestricted reserves at the year-end was £952,468 (2015 £1,043,084). The total free reserves at the year-end were £8,364 (2015 £106,384).

Risk Management

During the year the trustees reconsidered the major risks to which the Charity is exposed and the procedures currently in place to mitigate these. The management of these and any other risks will be kept under annual review. The additional risk inherent in ownership of T S Pelican of London is addressed through a ship specific risk management process, with the principal risk of loss covered by insurance.

Independent Examiners

PKF-Francis Clark were reappointed as the charitable company's Independent Examiners during the financial year.

Adventure Under Sail

Trustees' Report

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Adventure Under Sail for the purposes of company law) are responsible for preparing the and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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 of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the trustees of the Charity on 3 February 2017 and signed on its behalf by:

S Thorrington
Trustee

Adventure Under Sail

Independent Examiner's Report to the trustees of Adventure Under Sail

I report on the accounts of the company for the year ended 30 April 2016 which are set out on pages 8 to 22 .

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of ICAEW.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In common with other charities, there is a degree of uncertainty regarding the financial outcome of future years. As stated in the going concern note on page 10 the charity is heavily reliant on the financial support of a benefactor and whilst his written support has been obtained until March 2017 we understand from the Trustees that they have every reason to believe that this support will continue.

In connection with my examination, no matter has come to my attention:

(1) which gives me a reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Adventure Under Sail

Independent Examiner's Report to the trustees of Adventure Under Sail

PKF-Francis Clark
Chartered Accountants

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

15 February 2017

Adventure Under Sail

Statement of Financial Activities for the Year Ended 30 April 2016 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Income and Endowments from:					
Donations and legacies	2	367,993	-	367,993	193,289
Charitable activities	3	127,761	-	127,761	212,648
Investment income	4	123	-	123	295
Other income	5	1,100	-	1,100	-
Total Income		<u>496,977</u>	<u>-</u>	<u>496,977</u>	<u>406,232</u>
Expenditure on:					
Charitable activities	6	<u>(587,593)</u>	<u>(6,700)</u>	<u>(594,293)</u>	<u>(469,796)</u>
Total Expenditure		<u>(587,593)</u>	<u>(6,700)</u>	<u>(594,293)</u>	<u>(469,796)</u>
Other recognised gains and losses					
Net movement in funds		(90,616)	(6,700)	(97,316)	(63,564)
Reconciliation of funds					
Total funds brought forward		<u>1,043,084</u>	<u>6,700</u>	<u>1,049,784</u>	<u>1,113,348</u>
Total funds carried forward	19	<u>952,468</u>	<u>-</u>	<u>952,468</u>	<u>1,049,784</u>

All of the Charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2015 is shown in note 19.

Adventure Under Sail
(Registration number: 06569266)
Balance Sheet as at 30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	942,804	935,000
Current assets			
Stocks	13	2,500	1,957
Debtors	14	43,735	89,139
Cash at bank and in hand		37,975	94,528
		84,210	185,624
Creditors: Amounts falling due within one year	15	(74,546)	(70,840)
Net current assets		9,664	114,784
Net assets		952,468	1,049,784
Funds of the Charity:			
Restricted income funds		-	6,700
Unrestricted income funds			
Unrestricted income funds		952,468	1,043,084
Total funds		952,468	1,049,784

For the financial year ending 30 April 2016 the Charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the Charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 22 were approved by the trustees, and authorised for issue on 3 February 2017 and signed on their behalf by:

S Thorrington
Trustee

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Adventure Under Sail is a registered charity, registration number 1124276, company number 6569266, registered in the United Kingdom. The address of the charity is given in the reference and administrative details on page 1 of these financial statements. The nature of the charity's operations and principal activities are described in the Trustees annual report set out on pages 2 - 5.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in the notes to these financial statements.

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The charity is heavily reliant on donations and legacies and in particular the support from a benefactor in respect of the provision of the vessel referred to in note 18 and donations towards its running costs, particularly during the winter season. The Trustees have written confirmation that this funding will continue until March 2017 at a level sufficient to enable the charity to continue as a going concern and have every reason to believe funding will be available beyond this date.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the Charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the Charity has unconditional entitlement.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

Governance costs

These include the costs attributable to the Charity's compliance with constitutional and statutory requirements, including audit, strategic management and Trustee's meetings and reimbursed expenses.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

Tangible fixed assets

Individual fixed assets costing £500 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Ships engine	10 years straight line
Tall ship	40 years straight line
Communication equipment	5 years straight line
Website	3 years straight line

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund accounting

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the Charity.

Designated funds are unrestricted funds are resources set aside for specific purposes at the discretion of the trustees.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

2 Income from donations and legacies

	Unrestricted funds		
	General	Total	Total
	£	2016	2015
		£	£
Donations and legacies;			
Donations	367,993	367,993	193,289
	<u>367,993</u>	<u>367,993</u>	<u>193,289</u>

£10,441 of the income in the prior year was attributable to restricted funds and £182,848 was attributable to unrestricted funds.

3 Income from charitable activities

	Unrestricted funds		
	General	Total	Total
	£	2016	2015
		£	£
Primary purpose trading	129,507	129,507	212,648
	<u>129,507</u>	<u>129,507</u>	<u>212,648</u>

None of the income in the prior year was attributable to restricted funds and £212,648 was attributable to unrestricted funds.

4 Investment income

	Unrestricted funds		
	General	Total	Total
	£	2016	2015
		£	£
Interest receivable and similar income;			
Interest receivable on bank deposits	123	123	295
	<u>123</u>	<u>123</u>	<u>295</u>

None of the income in the prior year was attributable to restricted funds and £295 was attributable to unrestricted funds.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

5 Other income

	Unrestricted funds	Total
	General	2016
	£	£
Gains on sale of tangible fixed assets for charity's own use	<u>1,100</u>	<u>1,100</u>

There was no other income in the prior year.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

6 Expenditure on charitable activities

	Total 2016 £	Total 2015 £
Fundraising costs	-	11
Purchases	989	458
Wages and salaries	263,770	140,194
Staff NIC (Employers)	18,855	13,793
Casual wages	28,683	75,025
Staff training	8	2,175
Rent and rates	9,059	9,426
Light, heat and power	1,945	3,198
Insurance	11,053	21,727
Repairs and renewals	41,804	38,956
Ship costs	117,395	71,175
Telephone and fax	1,986	1,214
Computer software and maintenance	3,002	4,352
Printing, postage and stationery	2,949	2,718
Trade subscriptions	350	511
Transfers to other tall ships	26,604	-
Sundry expenses	1,177	891
Cleaning	30	20
Motor expenses	135	506
Travel and subsistence	8,883	8,369
Advertising	3,117	4,577
Staff entertaining	42	365
Consultancy fees	6,889	9,208
Professional indemnity insurance	10,556	26,284
Legal and professional fees	-	82
Bad debts written off	652	-
Bank charges	1,242	954
Depreciation	30,286	30,000
Governance	2,832	3,607
	<u>594,293</u>	<u>469,796</u>

£3,721 of the expenditure in the prior year was attributable to restricted funds and £466,075 was attributable to unrestricted funds.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

7 Analysis of governance and support costs

Governance costs

	Unrestricted funds		
	General	Total 2016	Total 2015
	£	£	£
Independent Examiner's remuneration	2,832	2,832	3,607

8 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2016 £	2015 £
Profit on disposal of tangible fixed assets	(1,100)	-
Independent examiners fee	2,832	3,607
Depreciation	30,286	30,000

9 Trustees remuneration and expenses

During the year the Charity made the following transactions with trustees:

S Thorrington

£946 (2015: £Nil) of expenses were reimbursed to S Thorrington during the year.

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any other benefits from the charity during the year.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

10 Staff costs

The aggregate payroll costs were as follows:

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	292,453	215,219
Social security costs	18,855	13,793
	<u>311,308</u>	<u>229,012</u>

The monthly average number of persons (including senior management team) employed by the Charity during the year was as follows:

	2016 No	2015 No
Average employees	<u>14</u>	<u>14</u>

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the Charity were £48,443 (2015 - £30,435).

The Operations Manager, as the highest paid member of staff, received benefits totalling £30,419 (2015 - £30,419).

11 Taxation

No tax was charged in the year (2015 - £nil).

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

12 Tangible fixed assets

	Ships engine £	Website £	Tall ship £	Communication equipment £	Total £
Cost					
At 1 May 2015	-	-	1,000,000	25,000	1,025,000
Additions	34,340	3,750	-	-	38,090
At 30 April 2016	34,340	3,750	1,000,000	25,000	1,063,090
Depreciation					
At 1 May 2015	-	-	75,000	15,000	90,000
Charge for the year	286	-	25,000	5,000	30,286
At 30 April 2016	286	-	100,000	20,000	120,286
Net book value					
At 30 April 2016	34,054	3,750	900,000	5,000	942,804
At 30 April 2015	-	-	925,000	10,000	935,000

13 Stock

	2016 £	2015 £
Stocks	2,500	1,957

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

14 Debtors

	2016 £	2015 £
Trade debtors	31,885	69,422
Prepayments	8,809	11,339
VAT recoverable	3,041	6,628
Other debtors	-	1,750
	<u>43,735</u>	<u>89,139</u>

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	28,014	16,278
Other taxation and social security	5,655	4,543
Other creditors	-	2,949
Accruals	4,754	6,086
Deferred income	<u>36,123</u>	<u>40,984</u>
	<u>74,546</u>	<u>70,840</u>

Deferred income relates to income received for voyages taking place after balance date.

16 Charity status

The Charity is a Charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the Charity in the event of liquidation.

17 Commitments

Capital commitments

Operating lease expiring within 1 year.

The total amount contracted for but not provided in the financial statements was £3,000 (2015 - £3,000).

Other financial commitments

A commitment exists to pay Peninsular Business Services Ltd £83 per month for HR Support until March 2019.

The total amount of other financial commitments not provided in the financial statements was £996 (2015 - £996).

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

18 Contingent liabilities

Legal charge over ship 'Pelican of London'

On 26 November 2012 the charity purchased the vessel 'Pelican of London' from Mr Jeremy Watts for the agreed sum of £1m and entered into a loan agreement with the vendor for £1m.

The loan is repayable in one of three ways:

1. Upon such date as the parties agree in writing; or
2. Upon the vessel not being used to fulfil the charitable objectives; or
3. Upon the borrower choosing to redeliver the vessel to the lender

Interest at 3% over Bank of England base rate only accrues on the loan in the event that the vessel is sold to a third party for a sum in excess of the amount paid.

A legal charge (mortgage) is in place dated 26 November 2012 to act as security against the loan.

The underlying intention was that the charity has ownership and use of the vessel in fulfilling its charitable objectives and the loan arrangement was in place to ensure that, should the charity not be viable or wish to cease using the vessel, the asset reverts to the donor and no additional liabilities arise. As such the liability has not been reflected in the Financial Statements as at the present time it is deemed unlikely that the loan will become payable.

The Pelican of London is pledged as security to Mr Jeremy Watts.

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

19 Funds

	Balance at 1 May 2015 £	Incoming resources £	Resources expended £	Balance at 30 April 2016 £
Unrestricted funds				
<i>Unrestricted general funds</i>				
Unrestricted Income Fund	106,384	462,637	(556,907)	12,114
<i>Unrestricted designated funds</i>				
Bursary Fund	1,700	-	(400)	1,300
Tangible Fixed Assets	935,000	34,340	(30,286)	939,054
	<u>936,700</u>	<u>34,340</u>	<u>(30,686)</u>	<u>940,354</u>
Total unrestricted funds	<u>1,043,084</u>	<u>496,977</u>	<u>(587,593)</u>	<u>952,468</u>
Restricted funds				
Lottery Awards for All	6,600	-	(6,600)	-
Richard Drax (for Bursary)	100	-	(100)	-
Total restricted funds	<u>6,700</u>	<u>-</u>	<u>(6,700)</u>	<u>-</u>
Total funds	<u>1,049,784</u>	<u>496,977</u>	<u>(594,293)</u>	<u>952,468</u>

	Balance at 1 May 2014 £	Incoming resources £	Resources expended £	Transfers £	Balance at 30 April 2015 £
Unrestricted funds					
<i>Unrestricted general funds</i>					
Unrestricted Income Fund	146,348	395,791	(435,775)	20	106,384
<i>Unrestricted designated funds</i>					
Bursary Fund	2,000	-	(300)	-	1,700
Tangible Fixed Assets	965,000	-	(30,000)	-	935,000
	<u>967,000</u>	<u>-</u>	<u>(30,300)</u>	<u>-</u>	<u>936,700</u>
Total unrestricted funds	<u>1,113,348</u>	<u>395,791</u>	<u>(466,075)</u>	<u>20</u>	<u>1,043,084</u>
Restricted funds					
Lottery Awards for All	-	10,121	(3,521)	-	6,600
Sextant Fund	-	220	(200)	(20)	-
Richard Drax (for Bursary)	-	100	-	-	100
Total restricted funds	<u>-</u>	<u>10,441</u>	<u>(3,721)</u>	<u>(20)</u>	<u>6,700</u>
Total funds	<u>1,113,348</u>	<u>406,232</u>	<u>(469,796)</u>	<u>-</u>	<u>1,049,784</u>

Adventure Under Sail

Notes to the Financial Statements for the Year Ended 30 April 2016

The specific purposes for which the funds are to be applied are as follows:

Restricted Funds:

Lottery Awards for All - The balance of this fund relates to the creation of a study / examination workbook covering all aspects of sail training.

Richard Drax (for bursary) - A donation from Richard Drax MP to support a young person.

Designated Funds:

Bursary Funds - Funds set aside to provide bursaries to young people.

Tangible Fixed Assets - Funds set aside for the depreciation of fixed assets.

20 Analysis of net assets between funds

	Unrestricted funds		
	General funds	Designated funds	Total funds
	£	£	£
Tangible fixed assets	-	942,804	942,804
Current assets	84,210	1,300	85,510
Current liabilities	(74,546)	-	(74,546)
Total net assets	<u>9,664</u>	<u>944,104</u>	<u>953,768</u>

21 Transition to FRS 102

The charity has adopted the SORP (FRS 102) for the first time in the year ended 30 April 2016.

The effect of transition from SORP (2005) to SORP (FRS 102) is outlined below.

a) Changes in accounting policies

No consequential changes in accounting policies resulting from adoption of SORP (FRS 102) were required.

b) Reconciliation of total charity funds

No adjustments were required to previously reported total charity funds at the date of transition to SORP (FRS 102) or at the end of the comparative period.

c) Reconciliation of comparative period net income

No adjustments were required to previously reported net income in the comparative period: