



JUBILEE SAILING TRUST
changing lives

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



Registered charity
number: 277810



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CONTENTS

| | |
|--|----|
| LETTER FROM THE CHAIRMAN | 4 |
| LETTER FROM THE CHIEF EXECUTIVE | 5 |
| OUR MISSION | 6 |
| OUR ACTIVITIES | 10 |
| OUR ORGANISATION | 11 |
| OUR STRATEGY | 13 |
| STRATEGIC ACHIEVEMENTS | 15 |
| LOOKING AHEAD | 23 |
| FUNDRAISING PERFORMANCE | 24 |
| FINANCIAL POSITION | 26 |
| FINANCIAL REVIEW | 27 |
| STRUCTURE, GOVERNANCE & MANAGEMENT | 29 |
| STATEMENT OF TRUSTEES RESPONSIBILITIES | 31 |
| REFERENCE & ADMINISTRATIVE DETAILS | 32 |
| INDEPENDENT AUDITORS REPORT | 34 |
| CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES | 36 |
| CONSOLIDATED & TRUST BALANCE SHEETS | 37 |
| CONSOLIDATED CASH FLOW STATEMENT | 38 |
| NOTES TO THE FINANCIAL STATEMENTS | 39 |

LETTER FROM THE CHAIRMAN

As the issues of equality, diversity and social inclusion continue to soar up the global policy agenda, the relevance of the Jubilee Sailing Trust (JST) has never been greater.

For nearly 40 years, we have harnessed the unique challenge and adventure of tall ship sailing to foster meaningful, rewarding and shared experiences between those of different ages, abilities, backgrounds and cultures.

Our work not only benefits those who sail with us. By bringing together different members of the community, it is a catalyst to build societies which are stronger, better connected and more resilient.

As a charity accredited by The United Nations Convention on the Rights of Persons with Disabilities, we are strong supporters of the UN's Sustainable Development Goals and work across the globe to maximise our reach, impact and alignment with other complementary initiatives.

These are exciting times for the Trust as we continue to go from strength to strength. The last year (FY17) has seen incredible success across our charitable activities. Regular philanthropic income has grown to its highest level in our history.

I would like to pay special thanks to the 1,392 families who have supported the JST over the last year with donations ranging from £1 to £880,000.

In particular, I would like to thank JC NewCo for forgiving an £880,000 loan and a group of extremely generous benefactors for providing a refinancing solution, worth £2.3million, which has enabled us to finally pay down our bank debt (which relates to the construction of Tenacious years ago).

These are significant achievements which have put the Trust in a much stronger financial position than in recent years and, under the leadership of our Chief Executive, Duncan Souster, the Trust has continued to make good progress with its transformational plan designed to strengthen our team, finances and mission impact, with the objective of securing our work for a new generation of beneficiary.

As we put this into action, we continue to marshal the insights and lessons learned from almost four decades of operation.

These are now being reflected in ongoing enhancements to the mission, operating model and governance structure.

Finally, I would like to pay tribute to our brilliant staff, crew and volunteers who deliver our mission every day. Without their dedication and commitment, our endeavours would not be possible.



A handwritten signature in blue ink, which appears to read 'James Crill'. The signature is stylized and fluid.

James Crill
Chairman of Trustees

LETTER FROM THE CHIEF EXECUTIVE

When I became CEO of the JST three years ago, I had the singular goal of creating a much more sustainable organisation that could grow in reach and impact, available to a new generation of beneficiary.

I am proud of the tremendous progress we have made towards this objective and over the last year in particular: refinancing our historical debt, growing our philanthropic income, delivering our first extended international programme in Australia, embedding our Core Behaviours and extending our network of high potential delivery partners.

These successes have helped us to become more sustainable, significantly strengthened the Trust's financial position, and facilitated further necessary investment on board our ships and in our office team — ensuring we have the resources to meet the growing demand for our work and the expertise necessary to operate in an increasingly complex and regulated landscape.

Where we encountered challenges, we turned them into great learning opportunities which will serve us well in the future. It has been a real team effort with supporters, partners, volunteers and our dedicated staff and crew all contributing in equal measure.

As we approach our 40th anniversary year, we find ourselves operating in a world where our mission has never been more relevant and in which the theme of inclusion is central to public discourse across the world.

Now, more than ever, we are well placed to make a meaningful contribution to this exciting landscape of opportunity, with the ability to scale our work internationally and amplify the impact of our work through integrated projects with other charities, educational establishments, businesses and governments.

By embracing these opportunities and evolving our mission, we have the potential to become the most socially impactful maritime organisation in the world. This is a bold vision, which we are now completely focused on making a reality.



A handwritten signature in dark ink, appearing to read 'D Souster', written in a cursive style.

Duncan Souster
CEO

OUR MISSION

The JST exists to promote social inclusion, challenge prejudices about disability, and break down barriers between people of different ages, abilities, backgrounds and cultures.

Our founders realised that a tall ship created a unique environment in which to bring people together, foster teamwork and empower our beneficiaries to discover what they are able to do, rather than what they are not.

Lord Nelson and Tenacious accommodate up to forty beneficiaries at a time, who sail the ship under the supervision of nine members of professional crew. On board, there are no passengers and no restrictions. Everyone plays a full and active role in the voyage, regardless of their experience, age or ability — the ship is run in a way where everyone is given the time, and support, to make a meaningful contribution.

The unique, purpose-built design of our ships ensures that disabled people can participate fully and are empowered to live lives without limitations. Features include wheelchair lifts that make the entire ship accessible, unique ascender systems that allow wheelchair users to experience ‘life aloft’ up our masts, a speaking compass for those with visual impairments, hearing loops for deaf people, adjustable furniture for those with mobility difficulties, and a joystick to help individuals with dexterity limitations to helm the ship.

When joining a voyage, crew members will be assigned a ‘buddy’ (pairing disabled and non-disabled individuals) and placed in a ‘watch’. Strong working relationships are quickly formed which improve confidence and build mutual respect — benefiting participants long after a voyage has ended.

Since 1978, nearly 50,000 people have sailed on our ships. We are one of the only organisations in the world that brings together people of all ages, genders, backgrounds and abilities in a shared experience based on our strong maritime heritage.

We seek to maximise the impact of every voyage by recruiting crew who will most benefit from the experience; who have the potential to become ambassadors for our work; and who can become role models in wider society.

This mission is globally unique. Although we share similarities with many other organisations in the sail training, disability or adventure holiday space, none match this unique complement of strengths, activities, impacts and functions.

In recognition of our work, we have been accredited by The United Nations Convention on the Rights of Persons with Disabilities. We have also enjoyed 33 years of patronage from HRH, The Duke of York KG, who has provided outstanding support to the Trust during this time.



OUR MISSION

Our Vision

As we approach our 40th anniversary in October 2018, we have embarked on a period of reflection to learn from our past successes and ensure our work remains relevant. The Trustees have taken into account the guidance on public benefit from the Charity Commission.

We are committed to providing the greatest possible public benefit, for many years to come. In the increasingly challenging charitable landscape, it is essential that we can clearly and concisely define our mission, use the correct language for our work and properly assess our impact to support fundraising and partnerships.

We expect that this will result in an enhanced mission and new Trust deed which reflects an expanded role for the organisation where we:

- Strengthen individuals' life skills, outlook and capabilities through a life-changing adventure at sea.
- Build relationships, empathy and understanding across communities through shared experience.
- Welcome and value the most marginalised in society, either by disablement or disadvantage.
- Aspire to be a flagship for social inclusion, showcasing the power of diverse teams.

In evolving our mission, it is also right that we take a rigorous approach to reforming key aspects of our work.

This includes the introduction of a new approach to impact assessment and measurement, to ensure that we can demonstrate the value of our work, a contemporary view of the language that our community uses around disability, and the move to become a powerful and globally respected voice on relevant issues, such as social inclusion and diversity.

“Everyone is empowered to play a full and active role sailing the ship. There are no passengers and no restrictions.”

OUR MISSION

Our Impact

As with all organisations in the charity sector, it is becoming increasingly important for us to accurately and effectively describe the impact that our activities have on our beneficiaries. To this end, we have invested resource and focus over the last year to enhance and strengthen our processes for feedback, collection and analysis of impact data.

We have incorporated real-time data collection into our programming and processes, and improved the depth and timing of our questions, so we are able to receive quality feedback from our constituents.

We have transitioned from more loose-form narrative-based questions to a normalised Likert scale survey, being issued immediately after our activities conclude. We have collected robust data to demonstrate the self-development impact of the JST voyage experience. Benefits range from an increase in confidence and self-esteem to improved attitudes and understanding towards people with different physical, learning or mental health difficulties.

A JST voyage brings together people of all ages, backgrounds and abilities in a unique, socially inclusive and challenging environment, which fosters the development of life skills, encourages learning between participants and builds self-esteem. No matter someone’s background, everyone’s boundaries are pushed on a JST voyage to invoke positive change.

Voyage experiences: 90

Crew served: 2,781 total

1284 disabled (822 male, 462 female)

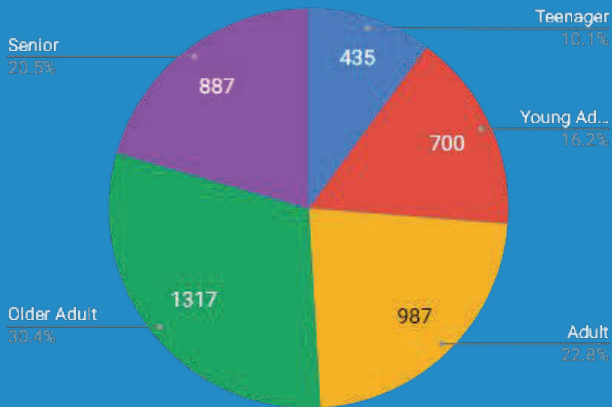
1083 physically disabled voyage crew

- 296 wheelchair users
- 184 with hearing impairments
- 152 with visual impairments
- 79 with epilepsy
- 279 with learning difficulties or mental health difficulties

Voyage crew were 40.6% female and 59.4% male

Ages ranged from 14-91 (average of 46) with largest number of crew at 16.5-18.5 years and again at 64-66 years of age: two key age ranges for social impact.

Age Groups



“It was truly an experience that I will never forget and I am so grateful for the opportunity to sail on the Lord Nelson.”

OUR MISSION

Snapshot: Barclays Round Britain Voyage, 2017

The data below was taken from detailed analysis of the Barclays Round Britain Voyage project, which took place in 2017. This data showcases the powerful impact the JST experience has on voyage crew and the wider community. Surveys to collect this data were issued immediately at the conclusion of each of the 11 voyages in the programme, from a broad base of participants who interacted with a network of land-based community disability partners in the course of their voyages. This project is also illustrative of ways in which the JST intends to enhance its impact reporting in the future.

Qualitative impact

Global impact indicators

94.5%: awareness raised

An overwhelming majority of those who sail with the Trust claim their awareness of what can be achieved by a mixed ability team in a well-designed, equitable environment was changed by the JST experience. This proves the value of designing a better society that can include everyone especially in a time when teams are regarded as a critical advantage for organisations, communities, and governments.

88.9%: better understanding, empathy, and empowerment

A great majority reported better understanding of how barriers faced by disabled people could be removed, while 77.8% reported that their attitude towards people with different physical or mental difficulties had improved. 83.3% felt better prepared to work with people who are disabled. In this way, the JST experience prepares people of all abilities to more fully participate in our society.

Personal impact indicators

86.2%: confidence boosted

After participating in a JST voyage experience, voyage crew members reported their confidence had been boosted. This increase in confidence often leads to more participation in a broader range of social situations, challenging the barriers that hold back the inclusive society. Confidence boosts enable work in more diverse teams, which reflect the wider society.

83.7%: self-development

A JST voyage experience provides many opportunities for personal development, ranging from trying new skills to building new relationships, often beyond the typical bounds of ability and disability. The growth of talent is a key challenge faced across all sectors of society.

77.8%: self-esteem

By increasing the self-esteem of the people who participate in voyages with us, we help build social confidence and fluency, and help people become role models who can work across social divides and bring communities together.

“I now feel better about myself, improved self-esteem, a new understanding of how important social connection is to recovery and enjoying life.”

OUR ACTIVITIES

During the last year (FY17), the JST undertook 50 voyages and 40 Day Sails on Lord Nelson and Tenacious, covering almost 11,700nm (nautical miles) and benefitting 2,781 individuals who sailed with us (not including permanent crew and volunteers), representing an average occupancy of 84%.

Voyages can last between one day, for a toe-in-the-water-experience, to much longer ocean crossings that can take around six weeks, sometimes even longer. A typical coastal voyage is seven days, which is viewed as an ideal minimum duration for crew to benefit from a truly immersive experience.

Over recent years, we have focused on developing exciting international programmes. When working overseas, we maximise our presence by building strong relationships with local government, charitable and educational partners, long before our ships arrive in port. The global reception this year has been overwhelmingly positive; attracting front page news, widespread local interest, and ship visits from Royalty, Ambassadors, Parliamentarians and others.

During a typical year we undertake work in at least two regions at any one time (with one ship always serving the UK & Europe). Illustrative of this, here are the world regions covered by our current and future plans:

- FY 17: UK & Europe; S. Pacific Islands; Australasia
- FY 18: UK & Europe; N. America; Australasia; S. Pacific Islands
- FY 19: UK & Europe; Africa; The Caribbean; The Middle East (TBC)

Voyages are either open to the public or dedicated for work with a partner (such as a school, charity or company). We carefully plan each programme to maximise social impact, partner impact and to generate adequate income to fund our operations.

Public voyages are promoted through our extensive social media network, online advertising, media coverage, supporter network, and by opening our ships for public visitation during port visits.

Crew for these voyages are taken on a first-come, first-served basis (although we always seek to create a diverse and balanced complement) and activities are standardised, subject to weather conditions, to maximise the impact of our work.

Partner voyages are designed and delivered in collaboration with other organisations. These partners help to recruit and prepare crew for their experience, we then tailor our activities to maximise the impact of the voyage to the particular community being served. This also provides beneficiaries with longer-term support long after the voyage has been realised. These relationships are defined through Memorandums of Understanding or project specific contracts.

To maximise our impact, we sail our ships intensively throughout the year, with 42 weeks of voyage-related activities. The remaining weeks are used to perform essential, planned maintenance.

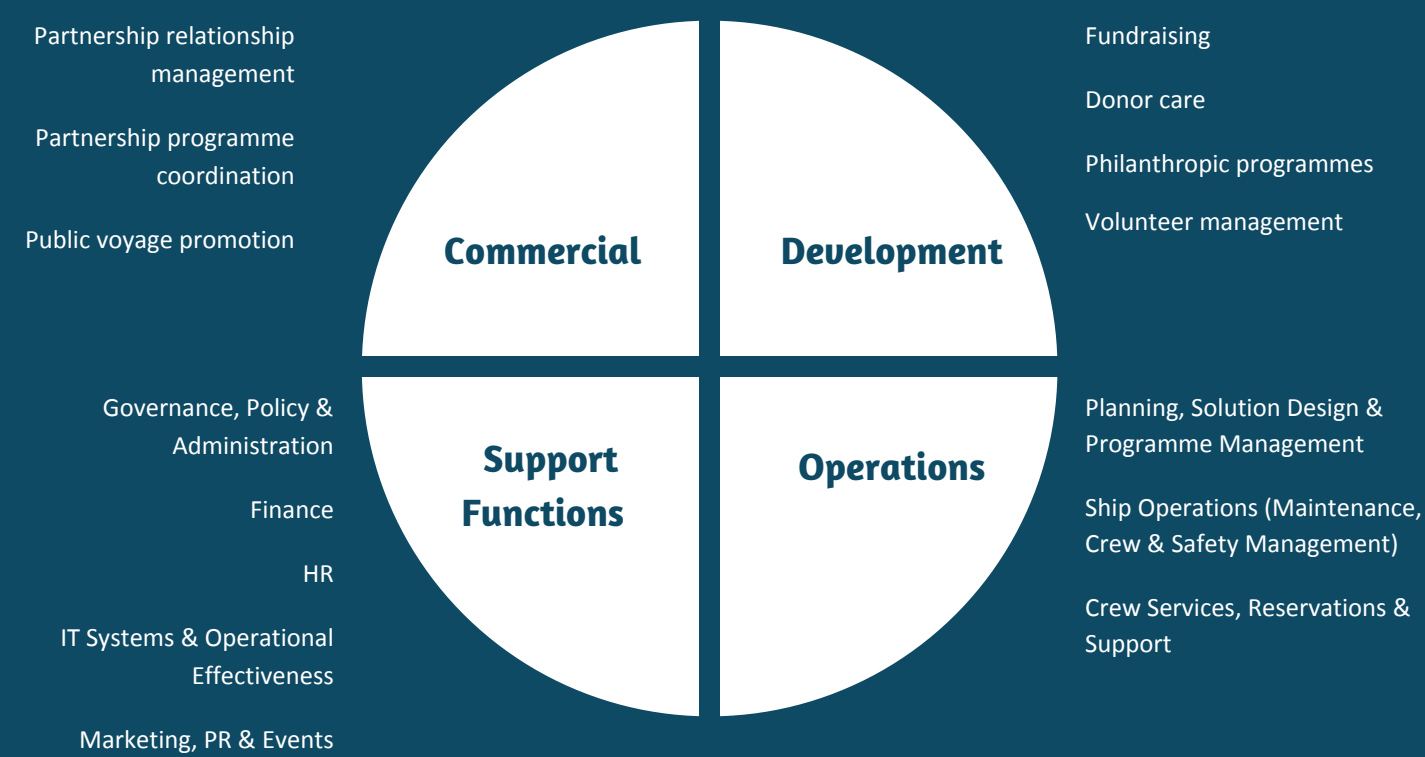
We engage a diverse team of volunteers to help with this work and, in doing so, bring our mission ashore. This retains a trend started during the first maintenance periods for Lord Nelson and continued when Tenacious, our second ship, was built by 1,500 disabled and non-disabled volunteers in our own shipyard.

We remain open to other opportunities of this nature and, from time to time, collaborate with partners to improve our visibility and reach. We are also keen to work with partners to increase our impact, share costs or ensure a better use of available resources.

Over the last 5 years, an average of 2,500 people participated in a JST voyage or Day Sail. Our objective is to ensure any programme benefits at least 2,000 in any given year.

OUR ORGANISATION

The JST is managed, run and supported from its Global Headquarters in Southampton, in the United Kingdom. Functions entailed within this operation include:



The JST also has two affiliated organisations in Australia and New Zealand which are built on the same mission and values of the Trust. They are legally constituted as clone entities connected with the JST UK Charity through Memorandums of Understanding and Representation of JST UK Trustees and Management Team on the Board of the local entities.

We have 28 members of permanent crew (fulfilling the roles of Master, First Mate, Second Mate, Third Mate, Bosun, Cook, Chief Engineer, Second Engineer and Medical Purser) who oversee the running of the ship and are supported by a large number of relief seafarers. We also employ 28 full time and 5 part time support staff based in our offices.

OUR ORGANISATION

Volunteering

Over 900 active volunteers provide thousands of days of support each year on board our ships, in the roles of Bosun's Mate, Cook's Assistant, Doctor, Maintainer and Watch Leader. Onshore, volunteers provide professional advisory and administrative support in our office, and fundraising, promotional and pastoral support to beneficiaries through our branch network.

Our commitment to our volunteers has been strengthened in the last year. For example, we hosted a Volunteer Forum to provide an opportunity for all volunteers to engage in the strategy and direction of the Trust.

We have developed new enhanced policies for our voluntary community, including improved support structures, training and development processes, and volunteer recognition schemes. We continuously seek to ensure that voluntary support is used as widely as possible throughout the organisation.

We carefully review these possibilities on an annual basis evaluating the opportunity for voluntary contribution based on our programme, ship maintenance needs, our strategic objectives and changing regulatory expectations.

Regulation

The JST is bound by all international laws and standards that govern shipping through the UK flag regulator which is the Maritime & Coastguard Agency (MCA). Our ships and office are thoroughly audited and inspected annually for compliance. Everyone who sails with us can, therefore, be assured of our safe and environmentally sensitive approach to all aspects of our operation.

We routinely work with young people and with adults who may be considered vulnerable. To raise awareness of the risk of abuse and to manage any concerns of abuse that might arise, we have in place a Safeguarding Policy and Guidelines and a Disclosure and Barring Service Policy and Procedure.

Both of those policies were developed with guidance from local safeguarding authorities and benchmarked against current best practice; and both policies are scheduled for annual review and periodic update (preferably annually and at least every three years).



OUR STRATEGY

Two years ago, we identified four strategic objectives — Financial Sustainability, Ambitious International Programming, Voyage Crew Experience and Strategic Partnerships — that would help us to maximise our impact, scale and the long-term sustainability of our work.

We continue to establish shorter-term objectives beneath each of these strategic pillars, which help to focus our work and activities throughout the financial year.

Factors Impacting Achievement

In addition to the aforementioned strategic objectives, the following controllable factors are most critical to the successful execution of the Trust's mission and objectives, including the following:

- **Safety at Sea and Fleet Management:** Safety is at the heart of everything we do: from selection of voyage crew, delivery of mission and quality of experience. Our planning processes, due diligence, safeguarding considerations, logistical partnerships and supply chain management are all focused on ensuring quality bound operational policies, systems and processes.
- **People & Culture:** Delivery of our mission starts with the strength and effectiveness of our own team. We have introduced Core Behaviours across our workforce, invested in training and development, and enhanced our recognition and reward schemes (for staff and volunteers). These steps benefit collaboration and teamwork across the organisation, improving career opportunities for those who work with us and strengthening the organisation to face the challenges of the future.
- **Public Awareness:** To support our fundraising, voyage crew recruitment and wider public influence, we are investing in our website and social media, seeking opportunities for promotion in the media, amongst our strategic partners, and from our supporter network and volunteers.

- **Voyage Crew Recruitment & Support:** Key to growing our mission reach, impact of the JST experience, diversity of crew demographics and composition, and the accessibility of our work is the need to strengthen our partner network, drive targeted, accessible beneficiary messaging and promotions, and support provisions for individuals with special needs.

Learning from Experience

Whilst delivering the above, we developed some important learnings that will help our future performance, which included the following:

- **Programme attributes:** We have gathered new intelligence on the attractiveness of partnership and public voyages. We have also strengthened analysis on the operating costs associated with different programmes, so we can factor this into our decision-making.
- **Benefit in kind:** Based on partner feedback, we have strengthened our package of benefits for suppliers that provide us with in kind, pro bono or reduced cost goods/ services.
- **Overseas market operating model and support:** We now have a much more informed understanding of the resources required to deliver an extended overseas programme, along with the functions that should be retained centrally or delegated locally.
- **Blueprints for new partnership communities:** Based on pilot projects, we now have new blueprints for working with local government, schools focused on pupils with learning difficulties and military charities supporting individuals with more severe mental health difficulties. We are also reviewing our processes for planning, executing and measuring the impact of our partnership work.

OUR STRATEGY

- **Longer-term capital investment needs of ships:** Improved processes and forward planning have helped to educate us about the long-term funding requirements about our operations and fleet. This, in turn, is helping the Trustees and management team make more informed, data-driven decisions whilst also initiating new lines of enquiry.
- **Policy benchmarking:** We have made a concerted effort to strengthen our core policy suite on areas that reflect potential risk within our operating model (e.g. safeguarding and data management). Policy upgrades, considerable in some cases, have been initiated after valuable external benchmarking activity.

On the pages that follow, you will see some of the major achievements we have made during the last year in progress towards our four strategic pillars (Financial Sustainability, Ambitious Programming, Voyage Crew Experience and Strategic Partnerships).



STRATEGIC ACHIEVEMENTS

Financial Sustainability

Our top strategic priority remains to achieve financial sustainability through predictable earning opportunities which cover the relatively inflexible costs associated with our mission delivery. Central to this has been the creation of new partnership income streams, making our approach to fundraising more professional, extending our planning cycle and the refinancing of our debt portfolio.

Predictable Income

In the second year of our investment in our partnerships team, we have delivered upon and developed a strong pipeline of opportunities with charitable, corporate, educational and governmental organisations. Additional strategic investment has seen our staff base grow to support this during the current financial year with a new Development Director, new Head of Programming and a dedicated Business Support Officer. These new hires augment our introduction of a Partnerships Team during the previous financial year and provide additional focus in areas which have historically caused financial pressures. All these roles are designed to be self-funding after 12 months. We have also increased the experience and expertise in some other mission-critical roles.

We are already seeing the impact of these investments with a year-on-year growth in our partnerships income of 234% (from £60,301 to £201,600) and year-on-year growth in our overall commercial income of 32% (from £1,431,250 to £1,893,497).

Refinancing

Over the past year, we have successfully raised £2.3m (in the form of loans on very favourable terms) from a small, extremely generous group of benefactors to clear the Trust of its historical bank debt (relating to the construction of Tenacious) for the first time in 17 years. Our largest creditor, JC NewCo, generously forgave an £880,000 loan to celebrate the milestone, which has helped to significantly improve our balance sheet.

Strengthening our Fundraising

We have reorganised our Fundraising Team and introduced a more robust process for donor care. This has helped us secure donations from 1,392 families in FY17 ranging from £1 to £880,000. We also won our first government grant since the building of Tenacious, having been funded by the Chancellor using LIBOR funds to establish our 'Leading Forces' project. This grant, of £269,630 (over three years), is for Armed Service Personnel to gain confidence after service or injury and support their transition into civilian life.

The legal and regulatory environment relating to fundraising has changed considerably over the past year. During FY17, we registered with the new Fundraising Regulator and agreed to abide by their Code of Fundraising Practice, Fundraising Promise and complaints process. Over the coming year, we will be asking all our supporters about their contact preferences and ensuring that all communications make it clear how they can opt out or amend these preferences.

Planning Cycle

The development of a rolling three-year forecast has provided greater stability and predictability to our cashflow and finances.

This allows us to better project commercial income, predict maintenance and expenditure and phase sizeable costs such as dry-docking.

STRATEGIC ACHIEVEMENTS



1,392

Number of families making donations in FY 17

Through individual giving campaigns and events



£269,630 (*over three years*)

Awarded by the Chancellor using LIBOR funds



£2.5m

Total fundraised in FY 17



AMBITIOUS INTERNATIONAL PROGRAMMING

As a global pioneer of social inclusion, the JST has gone from strength to strength on the international stage, with an increasingly ambitious global voyage programme and the formation of its first overseas operations through affiliate partners. We are committed to developing our market, improving crew composition and strengthening planning processes to ensure that as many people in the world can access our life changing adventures.

Integrated Planning

The last year has seen greater focus and resource directed to our voyage programming. A reorganisation within our operations department has created the new post of Head of Programming. Along with a new Programming Group, this has brought discipline and focus to the process of programming voyages with a longer planning horizon.

This has facilitated greater consultation at an early stage with our captains and other stakeholders, identifies time for partnership work earlier, and allows us to properly embed our marketing plans within the programme approval cycle.

International Programming

By launching JST Australia and JST New Zealand, along with Tenacious' extended programme in the region, we are taking our mission to new communities, developing new markets to attract voyage crew and benefactors, developing new sponsorship and partnership opportunities and reducing the seasonal cyclical fluctuations in demand across the UK & Europe.

These operations, led by local Patron John Calvert-Jones and Chairman Harry Cator, have secured £303,000 of local donations in addition to other income generated from public and partnership activities. Despite being a new market, Tenacious' average income per day has increased by 12%.

Concurrently, the reduced supply in the Northern Hemisphere has resulted in an increase in occupancy and income per day on board Lord Nelson (from 83% to 86% and from £2,640 to £3,072 respectively).

We have learned a great deal about operating longer-term overseas programmes and now have a much stronger capability for doing so, with a well defined model for governance across all aspects of our operation, including what is managed centrally and what is devolved to local operations. These new insights will give us greater confidence exploring other possibilities for extended overseas programming and expansion.

Furthermore, our work in Australia has helped us to develop our partnership programme, establishing new case studies for how we can collaborate with local government, the Armed Services, isolated ethnic populations and logistical partners. These learnings have now translated into new programmes in the UK and further the potential for our work around the world.

AMBITIOUS INTERNATIONAL PROGRAMMING



"The self-confidence our Mates have gained from their experiences on the Tenacious can now be transferred to other parts of their lives, for example, being able to engage in our other services such as the Employment and Education Support Services and Social Engagement activities."

"Thank you for the opportunity to work together with your wonderful organisation and for making dreams come true."

Global Recognition

As a UN Accredited Charity, we see each port visit as an opportunity to educate, inform and influence communities. This is particularly important where our inclusive values are less common or understood.

It is so exciting to see the impact we are having around the world, with visits from Heads of State, Government Ministers, the leaders of NGOs and charitable partners, along with extensive coverage in the media. Examples of this included:

- An official ship visit from the Fijian Prime Minister, Frank Bainimarama, during a visit to Suva
- Ship visits from various Government Ministers in the UK, Antigua, Costa Rica, Tahiti and Australia
- Outstanding national news coverage in ABC News 24 and Channel 7 in Sydney; and Network 7 News and Channel 9 in Australia.

- **Simon Sauer AM CSC,
CEO Mates4Mates
(Australian Partner)**

VOYAGE CREW EXPERIENCE

The experience of our voyage crew is central to our mission impact and values; we must ensure that it continues to be world class, exceeds the expectations of every crew member and delivers maximum benefit to target beneficiaries. This includes the on-board experience, our digital, marketing and PR activities, and all interactions with our staff and volunteers.

Core Behaviours

The roll out of our Core Behaviours across the whole organisation (both offshore, onshore, and amongst both our professional staff and voluntary team) has set the minimum standards expected to be embodied by all who work with the trust.

At the heart of these Core Behaviours is the principle to 'Live the JST Mission'. To achieve this, we expect our team to: work better together, be accountable, care for each other, and be courageous. Over the past year, a series of training and feedback sessions have been held to reach our staff and voluntary teams. A new performance management structure for our office staff and captains has simultaneously been introduced, ensuring that our team members have individual and organisational objectives which allow them to make the greatest contribution to the Trust.

On-Board Experience

This year has seen continued investment in our ships to enhance the experience for all voyage crew - during the FY17, this totalled £1.4m (excluding crew salaries). Our average investment in our ships over the past two years (£1.45m) is £350,000 greater than across the proceeding five years.

We are continuing to place greater focus on our offshore and office support team with a new Head of Ship Operations, increased strength in our customer support team and the involvement of either the CEO or Operations Director in the recruitment processes for all permanent crew. New processes for financial management have improved our rolling investment programme to ensure that the ships are kept to the highest standard.

Marketing & Public Relations

The appointment of an in-house Digital Marketing Officer has continued the transformation of our targeted marketing and PR campaigns to increase our brand awareness, access new markets, and communicate our new public and partnerships offerings.

Presently, the JST has a strong social media following with 56,500 followers on Facebook. Although there is just 3,800 followers on Twitter, specific event campaigns have proven to reach a far greater audience than this. During the Barclays' Round Britain Voyage in 2017, over 129,000 users read tweets using the dedicated hashtag, #RBV2017.

Our following on Facebook is continuing to grow organically, on average by 200 individuals per month over the last 6 months. We are working to continue this growth as well as implementing strategies to turn social media exposure into return on investment.

In the last year, we have been proud to welcome the BBC on board Lord Nelson to film a special documentary 'No Passengers' about our life changing voyages.

VOYAGE CREW EXPERIENCE

After a comprehensive self-reflection process that involved our community and stakeholders, we have adopted a set of Core Behaviours to guide our ethos every day, in every interaction we have and every effort we make. We continue to evaluate and refine these principles to improve the character and coherence of the JST experience for everyone.

Live The Mission

I'm a passionate ambassador for social inclusiveness and diversity.

I focus on what people can do, not what they can't.

I understand the needs and hopes of the community we serve.

I work hard to make the JST experience rewarding and fun for everyone.

I inspire others to live the JST mission whenever I can.

Work Better Together

I'm approachable, sociable and polite.

I encourage honest and straightforward communication and I listen respectfully to everyone's ideas and opinions.

I'm trustworthy and respect confidentiality.

I build good team spirit and enjoy bringing us together as "one JST". I acknowledge the contribution made by others and I celebrate their success.

I think about who should be involved in making decisions and executing plans. I work pro-actively and effectively with teams to deliver results.

I'm highly motivated to achieve exceptional results for the Trust.

Be Accountable

I approach challenges with care and thought: I try to fully understand the issue, consider the options and the impact of those options.

I develop short and long-term plans, prioritise my tasks, stay focused on the priorities and monitor my progress.

I don't over commit myself and if I say I'll do it, I do it. If it turns out I can't, I explain why without delay.

I don't over commit others and I don't blame others for my mistakes.

I escalate an issue to someone more senior when I need to, but I don't shirk my responsibility to make things happen.

Care For Yourself & Others

I know my individual team members well. I care about their personal needs and wellbeing. I invest time in their training and personal development.

I know my own strengths and I am aware of the areas I need to work on. I invest time in my own learning and personal growth.

I think about what I say and how this will be felt by others.

Be Courageous

I challenge "it's always been done this way" attitudes.

I try to find constructive solutions to problems and encourage others to do so.

I listen to what people have to say (good and bad) about me and the Trust

I always look for ways to improve what we do and to increase our impact on society.

I'm open to and embrace change.

I cope well with the unexpected.

I stand up for what I feel is right and important.

I encourage transparency when it could be easier to say nothing.

STRATEGIC PARTNERSHIPS

We seek to deliver our mission with a broad network of charitable, educational and corporate partners, who help to raise our profile, reach into communities and find people who will most benefit from our work. They also extend our capabilities and support to our beneficiaries before and after a voyage. We also seek organisationally similar organisations that may wish to share infrastructure and resources, to help make best use of funds available.

Charitable Partners

By approaching the charity sector in a more holistic manner and working with other organisations that have a shared mission or similar infrastructure challenges, we are able to build joint programmes which enhance the offering to shared beneficiaries; share expertise, resources and infrastructure; and access new joint fundraising opportunities.

Last year we entered a partnership with Parallel London, a fully accessible fun run and family festival which embodies many of the same values and principles of inclusion, accessibility and diversity as the JST. Similarly, we have established Memorandums of Understanding with the Marine Society and Sea Cadets, the British Exploring Society and ORCA for exciting new whale watching voyages.

Corporate Partners

Over recent years we have worked in collaboration with partners such as Barclays, VMWare and Allianz to increase the reach and impact of our voyages to deliver staff, client and community engagement programmes which meet CSR objectives and increase diversity awareness amongst the workforce.

Simultaneously, this generates a healthy income per berth for the JST, allowing central fundraising to be redirected from voyage subsidy towards bursary or investment for the benefit of others.

The last financial year saw the build up to a ground breaking 11 leg “Round Britain Voyage” with Barclays Bank Plc, involving 206 beneficiaries. This programme generated £235,000 of income and attracted about 10,000 visitors to Lord Nelson with a “festival of inclusion” in each port. This engaged communities and connected with local charities, schools, journalists, local officials and dignitaries.



STRATEGIC PARTNERSHIPS

Education & Government Partners

Working with educational or governmental partners, we are able to deliver bespoke programmes which improve life skills and diversity awareness or which create stronger communities by engaging marginalised groups and supporting social, economic development and educational strategies.

Our work in Australia with Hobsons Bay City Council and Mates4Mates have created new blueprints for our future operating model with partners such as Wellington, Carwaden and Wellbeck colleges.

Many new opportunities and partners are in the pipeline including a Round Britain Challenge spearheaded by Lord Dannatt. This will bring together injured service personnel from over 12 services charities and the combined cadet force in a Round Britain World War One commemorative voyage that links our Capital Cities.

Suppliers Scheme

We have recently relaunched our supplier recognition scheme to deliver meaningful return for sponsors and favourable supply contracts.

Over the past year, our Platinum, Gold and Silver Suppliers have made benefit in kind contributions worth £195,000 to the JST, ensuring that our fundraising can be directed towards our beneficiaries rather than operating costs.

We would like to thank all of our 22 supporting suppliers including: Sperry Marine, ABP Southampton, Globecom, SpecTec, Ocean Safety, Navigate Response, Cummins, GAC, CKS Global Solutions, Marine Data, Chugoku Marine Paints, Actisense, Next Communications, Veolia, Regs4ships, Global Navigation Solutions, PMPT, Westbrook Marine Projects, Solent Stevedores, IMES, Pentalver and Inserve Yachts.



LOOKING AHEAD

The coming year (FY18) continues to present both challenges and opportunities for the Trust as we enter our 40th anniversary year. Building on our successes in FY17 and before, we will further professionalise our fundraising activities, develop new strategic partnerships and seek to take our mission to new destinations across the world.

As mentioned elsewhere in this report, we are taking this opportunity to evolve our mission – ensuring that we are fit for the next generation of beneficiaries and can grow and expand the reach and impact of our work.

In particular, our recent Barclays “Round Britain Voyage” has been particularly valuable in helping us identify ways in which we can deliver partnership work and we are now implementing a variety of recommendations designed to improve our planning, cash flow, risk and project management functions.



Similarly, we expect our forthcoming overseas work in Canada and New Zealand to be enhanced by our learnings from our recent work in Australia.

Illustrative of this, we have increased the size and length of deployment for our local project team, which has increased the impact of in-country programmes and also our fundraising capability.

The Canadian programme will generate CAD\$250k in appearance fees which can be used to improve the accessibility of our work for local people.

Working with Lord Dannatt (retired senior Army Officer and Chief of the General Staff), we are planning a “Round Britain Challenge” to bring together injured service personnel and cadets. This special series of voyages will link our capital cities as we commemorate 100 years since World War One.

Building on our relationship with Sir Richard Stilgoe and The Orpheus Trust, we are planning a musical voyage in which disabled young adults will coach their fellow crew members to compose a musical during the voyage under Sir Richard’s tuition, that will then be part of a performance on arrival in Portsmouth.

Finally, we have received a very special invitation to apply for the honour of carrying The Special Olympics Torch from Athens to Abu Dhabi, which would make us the centrepiece to their 2019 World Games.

FUNDRAISING PERFORMANCE

Thanks to a new Development Director and strengthened fundraising team, philanthropic income grew exponentially in the last year (FY17), exceeding prior year by 69%. This is a tremendous success and marks a significant turnaround in the Trust's performance in this area.

As with previous years and the Financial Sustainability strategic pillar above, our priority has been to increase and improve the predictability of our regular giving programmes to help us manage our cash flow and concentrate resources on mission related activities.

Grants, Trusts and Foundations

Income from Trusts & Foundations exceeded prior year by 45%. Considerable effort was made over FY17 to put together a strong bid for the Chancellor using LIBOR funds to establish the 'Leading Forces' project for Service Personnel to gain confidence after service or injury and support transition into civilian life. We are particularly pleased to have been granted £269,630, which will be received over the coming three years (between FY17-FY19). This is our first government grant since the building of Tenacious and an encouraging validation of our progress.

We were delighted once again to receive continued support as a result of our long term relationships with Trinity House and the Association of Sail Training Organisations, providing bursaries for young, disabled or disadvantaged people to take part in one of our unique and socially inclusive experiences.

Other key grants received include £50,000 to match fund our volunteer-led fundraising activities, £40,000 from the King/Cullimore Charitable Trust; a multi-year £25,000 commitment from Sir Richard Stilgoe's Alchemy Foundation; a £20,000 grant towards vital development of our IT Estate, and £16,800 from the Morrisons Foundation to invest in our volunteers by providing training and internationally recognised qualifications.

Seven other charitable Trusts and Foundations donated gifts of £10,000 or over and our thanks go to: The Robert Barr Charitable Trust, Stelios Philanthropic Foundation, Iliffe Charitable Trust, H & M Charitable Trust, The Patrick & Helena Frost Foundation, The BISKRA Charitable Trust, and The Batchworth Trust. We would also like to thank those who wish to remain anonymous.

Major Donors and Individual Giving

Over the year, we have sought to build even stronger relationships with our supporters. Income from major donors exceeded prior year by 122% thanks, in part, to the introduction of two new giving programmes: The Barque Club and the Patrons' Circle.

In addition, our number of philanthropic supporters have grown considerably. An incredible 1,392 individual donor households in the last year making contributions from £1 to £880,000.

Particular thanks go to Jacquetta Cator, Harry Cator, and John and Mette Marston for their significant contributions in the last year, along with a number of other extremely significant donors who wish to remain anonymous.

FUNDRAISING PERFORMANCE

The generosity of our supporters inspires us year after year: giving talks, hosting events (such as the Pumpkin Festival, which again raised over £25,000 for the Trust), completing sponsored challenges, donating money and sharing their passion through every possible medium. Our inaugural 'JST Giving Day' — powered and promoted exclusively through digital fundraising — raised £3,789 in one day with 50% of all donations made by new donors. This year, our annual Christmas campaign focused on replacing Lord Nelson's Water Traps and raised 20% more than the previous year. Finally, income from legacies continues to be an important contribution and we thank everyone who chooses to remember the JST in their will.

Looking Ahead

We are now looking to build on this foundation with the second phase of our fundraising effort. Our objective is to end our 40th Anniversary Year with a clean bill of financial health — the key elements of which include adequate reserves to cover three months of operating expenditure (c. £1m).

Over the next year, we will develop a new legacy campaign to promote legacy giving for the trust and further strengthen this vital charitable funding stream. We will also launch the 'Ian Shuttleworth Memorial Ship Fund' in memory of former Trustee Ian Shuttleworth. The Fund will provide long-term, dedicated financial capital for the care and maintenance of our two ships and prepare for their eventual replacement.



FINANCIAL POSITION

Current Position

Over the last year, the JST has continued to adapt in order to strengthen its mission reach and delivery, whilst also addressing historical weaknesses in its operating model and commercial debt position.

This has seen the completion of a £2.3m benefactor-led refinancing initiative, the timely repayment of £433,000 of remaining commercial debt (relating to the construction of Tenacious), continued strengthening of our delivery capabilities and pipeline of partnership work, significant growth of our fundraising and successful delivery of our first extended overseas programme.

All of these factors have resulted in much stronger financial performance in FY17 than previous years. Overall, the Trust has a small deficit of £0.2m, compared to a £1.4m deficit in FY16.

The Board of Trustees are confident that the JST now has a winning strategy and the capabilities required to deliver the Trust's long-term financial security. Whilst our short term financial position continues to receive close attention and scrutiny, we are confident that we are on the right track and are now seeing evidence of a growing pipeline and order book that justifies this outlook.

Income

Overall income in FY17 increased by £1.5m compared to the previous financial year (with a positive variance on budget of £500,000). This was largely due to a significant increase in voluntary income and the exceptional loan forgiveness by JC NewCo.

As detailed in the Fundraising Performance section above, voluntary income exceeded budget by 71% in the last year, generating more than £1m more in donations compared to FY16.

Our long-term relationships with key individuals and institutional funders has continued to generate significant income stability, especially across major donor, trust and foundation activities.

In contrast, regular voyage income was down by around £100,000 due to the challenges of operating in a new international market, although occupancy on Lord Nelson increased compared to previous years.

Although some partnership income was deferred to FY18, the receipt of CAD \$250k as an appearance fee for our upcoming Canada programme has been beneficial.

Expenditure

Expenditure rose by around £300,000 in FY17 to £4.5m. This reflects the necessary investment in our staff base to support our transformation strategy, an increased spend on vital maintenance on board our two ships and the costs of major fundraising activities.

During FY17, we have restructured our Fundraising Team to increase focus on individual donors and trusts and foundations. To support this, we have secured a two-year funding commitment from The Alchemy Foundation for an Individual Giving Officer and relocated resource for a Trusts and Foundations Administrator. Both positions are expected to break-even and to start making a net contribution after a nine-month period.

We are also in the second year of our three-year £200,000 funding agreement with Trinity House to strengthen our partnerships team. Over FY17, this has seen growth in conjunction with channel partners Classic Sailing and STA Travel. This initiative added around £150,000 to our annual operating costs but is expected to be self-funding after three years.

FINANCIAL POSITION

Expenditure *(continued)*

A new dedicated ship planning role (separate to the role of Head of Ship Operations) has also provided a renewed focus on voyage planning, supplier recognition and the growth of our benefit in kind relationships with suppliers.

Over the last year, we have continued to invest in our ship crew and increased spend to complete much needed maintenance. This has included a new radar for Lord Nelson, work on our Water Traps (linked to our Christmas appeal), and building reserves in preparation for the dry docking of Tenacious in FY18.

Loans

At the end of FY17, we paid down the remainder of our commercial debt of £635,000 stemming from the construction of Tenacious 17 years ago.

This represents a major achievement for the Trust. In addition, JC NewCo (our largest creditor) generously forgave a £880,000 loan. As mentioned last year, a new benefactor led refinancing initiative generated the funds to pay down the commercial debt and provide the Trust with much needed working capital. This means that Trust’s total loans now stand at £2.5m.

FINANCIAL REVIEW

Principal Sources of Funding

The JST has two primary funding sources - commercial and philanthropic donations. During FY17, these made a contribution of 43% and 57% respectively.

The JST is one of the early pioneers of social enterprise and has always had a commercial income stream. We view our ability to deliver this as a core strength and something that differentiates us from many other organisations.

Our commercial income is generated from contributions towards our mission by crew members and our partners. During FY17, the guideline contribution for public voyages is c. £100 per day, although this varies by voyage dependent on our fixed costs.

This represents an average of 50% of our true fully loaded costs to run a berth per day and is a deliberate strategy to keep our work widely affordable for the majority.

In addition, those of more limited financial means are able to apply for bursary funding and we make best efforts to ensure that financial circumstance is never a barrier to participation.

Our work with partners is generally undertaken at a 100% contribution for charitable and educational clients; or at a modest surplus for corporate clients. We also sometimes earn sponsorship income from corporate clients, normally as an augmentation to our programme of activity, in return for branding and association rights.

Our fundraising income is generated from a combination of institutional donors and individual giving, through our friends’ schemes and major gifts programmes (the Barque Club and Patrons Circle). Our fundraising initiatives are to support our operating costs, maintenance projects on the ship and bursary funding schemes (which target groups in alignment with our mission – for example, those living with disabilities, or youth).

FINANCIAL REVIEW

Principal Sources of Funding *(continued)*

Professionalism in all income generation activity is paramount. The JST has an experienced and extremely capable team to manage work with our partners. Other organisations who promote our work are subject to careful training to ensure our experience is effectively communicated to potential crew and the wider public.

Furthermore, we do not fundraise through third parties or by using any third-party databases – we only take new donors through referral and recommendation from existing supporters, or from those who have had direct experience of our work.

We also take care to consult all of our donors with regard to their contact preferences and ensure this is reflected in our actions. To this end, we are not anticipating any significant challenges aligning our work with the UK fundraising standards reform and new standards relating to data use and protection.

Effective partner and donor care is an on-going priority and we work diligently to foster long- lasting, fruitful relationships with all our supporters.

Risks & Uncertainties

JST have established a risk assessment framework to consider the impact and probability of risks in various areas. The principal risks are considered to be:

- Risk of insufficient funds to meet operational requirements;
- Crystallisation of MNOPF pension liability;
- Injury, hazards or damage arising from ship operations;
- Deterioration of ships leading to additional hazards or exacerbating existing hazards;
- Non-compliance with laws and regulations.

The Trustees review and monitor the risk assessment framework throughout the year and implement strategies to manage the risks.

Impact of Pension Liability

A provision of £251,000 has been made for the agreed contributions to fund the deficit on the Merchant Navy Officer's Pension Fund multi-employer pension scheme. More details can be found in note 23.

Investments and Investment Policy

At present, the JST does not have any significant investments and any reserves are presently held in a current account. The Finance & Audit Committee Trustees (FACT) will establish an investment strategy if we sustainably secure over six months of operating cash requirement in reserve.

Reserves Policy

FACT oversees the JST's reserves and reserves policy. At present, the Trust does not have significant unallocated freely available reserves. However, our objective is to significantly grow and improve our current reserves position so we have c. 3 months of operating cash needs in reserve. Reserves at this level equates to c. £1m and, in the view of Trustees, would be sensible for a regulated operation of our type. Once this level of reserves has been achieved, the Trustees will review the policy again, re-considering the long-term funding needs of our work.

Operational vs Support Costs

We seek to ensure that the vast majority of our funds are spent on our operational delivery in support of our charitable activities. During FY17, this was at 87%. This includes the cost of running, maintaining and coordinating operations on our ships, our customer service functions, partnership delivery team and bookings team.

Due to the size and complexity of our operations, it is essential that we have robust management, fundraising and other administrative or consultative support which accounts for 13% of our expenditure in the last year.

STRUCTURE, GOVERNANCE & MANAGEMENT

The Jubilee Sailing Trust was established under a trust deed dated 6 October 1978, and after subsequent amendments a consolidated deed was adopted on 19 October 2006.

Constitution

The charity, through its two subsidiary charities, Jubilee Sailing Trust Ltd and Jubilee Sailing Trust (Tenacious) Ltd, operates two tall ships, the Lord Nelson and Tenacious, designed and built for the achievement of these objectives. After various additions and changes to the Trust's Objects over the years, a consolidated Deed of Trust was adopted by Trustees on 19 October 2006.

Organisational Structure

Key management of the charity is made up of non-paid Trustees and the Senior Management Team, who comprise the key management personnel responsible for the day to day management and operation of the Trust. Details of staff and key employees remuneration can be found in notes 7 and 8.

None of the JST's Trustees are remunerated and no expenses were paid during the financial year in question.

Pay Setting Policies & Benchmarking

Our staff and volunteers are committed, energetic and take great pride in working for the JST. However, if we are to succeed, it is important that we continue to offer an employment package that fairly remunerates staff and is capable of attracting individuals with the required skills and attributes.

In consideration of this, FY17 was the second year of a 3-year programme to bring all staff in alignment with an appropriate level of remuneration, given their responsibilities and experience.

Staff pay is reviewed annually and normally increased in line with average earnings. All Staff are benchmarked in line with other external similar roles in the wider charity market to ensure remuneration is fair.

Decision Making Processes

The full board of Trustees meets quarterly, with more frequent meetings of Trustee sub-committees covering all the discrete disciplines required in the charity (Finance and Audit, Fundraising, Voyage Crew Welfare, Ship Management, and General Management).

Each Trustee sub-committee reviews regularly, and in detail, the risks within their areas of specialism, and they ensure that appropriate management controls are in place to manage those risks. The Trustees have defined arrangements with board sub-committees through carefully designed terms of reference.

Other Trustee working groups are routinely commissioned on specific issues, projects or topics on a less formal basis. In this instance, the scope of work and deliverables are agreed with the Trustee Board and/or the executive on a case by case basis.

STRUCTURE, GOVERNANCE & MANAGEMENT

The Trustees have defined delegated authority to the Chief Executive and the management team, which include limitations on decision-making rights, financial transactions and commercial liability. These are integrated with the annually approved budget and operating plan.

Trustee Recruitment

Trustees are drawn from a wide range of backgrounds to provide relevant experience across the different aspects of our charitable activity and to maintain succession.

Selection is an open process, and before becoming a Trustee, candidates are encouraged to gain a full understanding of the JST, our operational activities and to meet relevant members of the management team. All Trustees are expected to take an active contribution to JST and these initial interactions allow this to be agreed prior to appointment.

Appointment is by the agreement of all Trustees and for a renewable period of two or three years. Once appointed, new Trustees follow a program of introductions to the charity, its people, its operations and the expected requirement of a charity trustee.

Trustee Induction

All new Trustees are subject to a formal and standard induction process, which is delivered by the Chairman, Chief Executive and other members of staff as required:

- A briefing on their legal responsibilities as a Trustee (per Charities Commission guidance)
- An overview of the JST constitution, mission, operating plan, finances, performance objectives and risk register
- Detailed review of all Trustee and statutory publications for the previous 36 months
- Detailed review of all management information, including YTD KPIs, financials and an update on strategic issues
- Meetings with key onshore and offshore staff
- The opportunity to join a JST voyage or Day Sail (strongly encouraged)

Effective Governance

The Trustees are committed to continuously improving their performance and effectiveness. After researching the best way to achieve this, a decision was made at the end of FY17 to formally adopt the Charity Governance Code.

Trustees are starting FY18 by formally reviewing their performance, and that of the Trust, in accordance with its recommendations. Details will be published in the FY18 Annual Report.

In addition, in accordance with long-standing practice, Trustees are required to provide an annual report on their contribution to the charity and to provide feedback on board and organisational effectiveness. Feedback is collected by the Chief Executive annually and circulated amongst Trustees for group discussion.

STATEMENT OF TRUSTEE RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales 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 charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102); 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 charity will continue in operation.
- The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees (and each of them) at the time this report is approved are aware that to the best of their knowledge and belief:

- There is no relevant audit information of which the auditors are unaware;
- They have taken all of the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees have given due consideration to Charity Commission published Guidance on the operation of the Public Benefit requirement.

This report was approved by the Trustees on 12/12/2017.

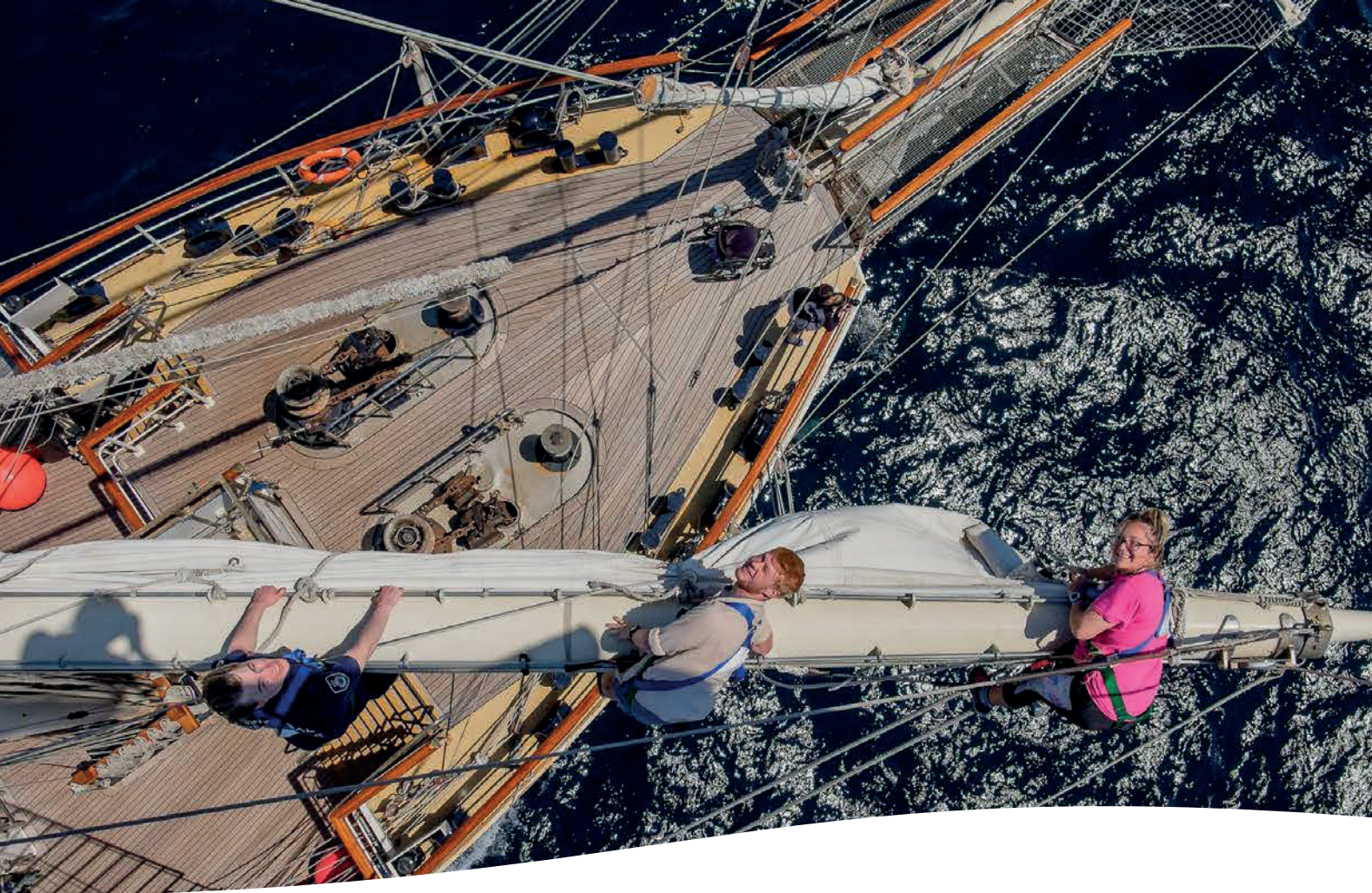


James Crill, Chairman of Trustees

REFERENCE & ADMINISTRATIVE DETAILS

| | | |
|----------------------|--|---|
| Patron | HRH The Duke of York, KG | |
| Honorary President | Jacquetta Cator | |
| Trustees | James Crill Martyn Cuff Emma Crabtree Kevin Curran Mike King Tom Stewart Niall Tarrell Isobel Dando Christian Marti Harry Cator Rob Lindley Mark Rawson | Chairman Vice-Chairman Retired 22/06/2017 Retired 11/08/2017 Retired 21/09/2017 Retired 08/08/2017 Retired 23/03/2017 Appointed 22/06/2017 |
| Chief Executive | Duncan Souster | |
| Honorary Treasurer | Andrew Cheesewright | Retired 22/06/2017 |
| Principal Address | 12 Hazel Road Southampton SO19 7GA | |
| Bankers | National Westminster Bank PLC 15 Bishopsgate London EC2P 2AP | |
| Solicitors | Hill Dickinson LLP Irongate House Dukes Place London EC3A 7HX | |
| Independent Auditors | Fiander Tovell Limited Stag Gates House 63/64 The Avenue Southampton SO17 1XS | |
| Charity Number | 277810 | |





INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE JUBILEE SAILING TRUST

We have audited the financial statements of Jubilee Sailing Trust for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and the Trust Balance Sheet, Group Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Trust's Trustees, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Trust's trustees 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 Trust and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 31, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

INDEPENDENT AUDITORS REPORT TO TRUSTEES

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the group's and Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The Trust's financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Going Concern

At the Balance Sheet Date, the Group had Net Current Liabilities of £900,699 (2016: £1,982,963). In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1(b) to the financial statements concerning the group and the Trust's ability to continue as a going concern, which is dependent on the continued support of the group's bank, fellow members of the group, other creditors and its supporters and donors.

These conditions, along with the other matters explained in note 1(b) to the financial statements, indicate the existence of a material uncertainty about the group's and the Trust's ability to continue in operation. The financial statements do not include the adjustments that would result if the group or the Trust was unable to continue as a going concern. In view of the significance of this matter, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the Trust's affairs as at 31 March 2017, and of the group's incoming resources and application of resources, 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 Charities Act 2011.



19 December 2017.

Paul Meacher FCA (Senior Statutory Auditor)
Fiander Tovell Limited
Chartered Accountants and Registered Auditors
Stag Gates House
63/64 The Avenue
Southampton, SO17 1XS

Fiander Tovell Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | 2017 Unrestricted Funds £ | 2017 Restricted Funds £ | 2017 Total £ | 2016 Unrestricted Funds £ | 2016 Restricted Funds £ | 2016 Total £ |
|--|-------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Income and endowments from: | | | | | | | |
| <i>Donations and legacies:</i> | | | | | | | |
| Donations and gifts | 4 | 2,217,479 | 302,999 | 2,520,478 | 1,100,901 | 394,074 | 1,494,975 |
| Deferred income | | - | (58,039) | (58,039) | - | (146,433) | (146,433) |
| <i>Charitable activities:</i> | | | | | | | |
| Voyage fees | | 1,639,635 | - | 1,639,635 | 1,360,079 | - | 1,360,079 |
| Appearance fees | | 188,165 | - | 188,165 | - | - | - |
| <i>Other trading activities:</i> | | | | | | | |
| Merchandising income | | 49,134 | - | 49,134 | 34,589 | - | 34,589 |
| Other fundraising income | | 16,439 | - | 16,439 | 36,542 | - | 36,542 |
| Investment income | 5 | 124 | - | 124 | 40 | - | 40 |
| Total incoming resources | | 4,110,976 | 244,960 | 4,355,936 | 2,532,151 | 247,641 | 2,779,792 |
| Expenditure on: | | | | | | | |
| <i>Raising funds:</i> | | | | | | | |
| Costs of generating voluntary income | | 557,215 | - | 557,215 | 310,852 | - | 310,852 |
| Merchandising costs | | 30,216 | - | 30,216 | 21,291 | - | 21,291 |
| | | 587,431 | - | 587,431 | 332,143 | - | 332,143 |
| <i>Charitable activities:</i> | | | | | | | |
| Lord Nelson operating costs | | 1,752,244 | 92,338 | 1,844,582 | 1,717,882 | 27,589 | 1,745,471 |
| Lord Nelson depreciation | | 70,726 | - | 70,726 | 67,218 | - | 67,218 |
| Tenacious operating costs | | 1,777,255 | 97,358 | 1,874,613 | 1,853,228 | 92,937 | 1,946,165 |
| Tenacious depreciation | | 108,644 | - | 108,644 | 108,644 | - | 108,644 |
| Restricted income released | 1(e) | (30,450) | 30,450 | - | (59,661) | 59,661 | - |
| Interest payable | 9 | 43,500 | - | 43,500 | 33,881 | - | 33,881 |
| | | 3,721,919 | 220,146 | 3,942,065 | 3,721,192 | 180,187 | 3,901,379 |
| Total resources expended | 6(a) | 4,309,350 | 220,146 | 4,529,496 | 4,053,335 | 180,187 | 4,233,522 |
| Net incoming/(outgoing) resources | | (198,374) | 24,814 | (173,560) | (1,521,184) | 67,454 | (1,453,730) |
| Memo: net incoming/(outgoing) resources before depreciation | | | | | | | |
| | | (19,004) | 24,814 | 5,810 | (1,345,323) | 67,454 | (1,277,869) |
| Net movement in funds | | (198,374) | 24,814 | (173,560) | (1,521,184) | 67,454 | (1,453,730) |
| <i>Reconciliation of total funds:</i> | | | | | | | |
| Funds brought forward | | 2,564,085 | 301,073 | 2,865,158 | 4,085,269 | 233,619 | 4,318,888 |
| Funds at 31 March 2017 | | 2,365,711 | 325,887 | 2,691,598 | 2,564,085 | 301,073 | 2,865,158 |

All items dealt with in arriving at the net movement in funds in 2017 and 2016 relate to continuing operations.

CONSOLIDATED & TRUST BALANCE SHEET

AT 31 MARCH 2017

| | Notes | Group 2017 | 2016 | Trust 2017 | 2016 |
|--|-------|--------------------|-------------|--------------------|-----------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible assets | 11 | 6,490,297 | 6,613,121 | - | - |
| Total fixed assets | | 6,490,297 | 6,613,121 | - | - |
| Current assets | | | | | |
| Stocks | 12 | 62,591 | 59,596 | - | - |
| Debtors-due within one year | 13 | 398,480 | 119,248 | 294,589 | 9,488 |
| Debtors-due after more than one year | 13 | - | - | 5,272,757 | 6,753,871 |
| Cash at bank and in hand | | 141,664 | 45,969 | 71,075 | 26,462 |
| | | 602,735 | 224,813 | 5,638,421 | 6,789,821 |
| Creditors: amounts falling due within one year | 15 | (1,503,434) | (2,207,776) | (257,821) | (245,916) |
| Net current (liabilities)/ assets | | (900,699) | (1,982,963) | 5,380,600 | 6,543,905 |
| Total assets less current liabilities | | 5,589,598 | 4,630,158 | 5,380,600 | 6,543,905 |
| Creditors: amounts falling due after one year | 17 | (2,898,000) | (1,765,000) | (2,689,000) | (681,000) |
| Net assets | | 2,691,598 | 2,865,158 | 2,691,600 | 5,862,905 |
| Funds | | | | | |
| Unrestricted | | 2,365,711 | 2,564,085 | 2,365,713 | 5,561,832 |
| Restricted | 21 | 325,887 | 301,073 | 325,887 | 301,073 |
| | | 2,691,598 | 2,865,158 | 2,691,600 | 5,862,905 |

The financial statements were approved by the Trustees and authorised for issue on 12/12/2017



James Crill
Chairman of Trustees

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Cash flows from operating activities: | | |
| Net cash provided by/(used in) operating activities (A) | (950,960) | (497,963) |
| Cash flows from investing activities: | | |
| Dividends, interest and rents from investments | 124 | 40 |
| Purchase of tangible fixed assets | - | - |
| Net cash provided by/(used in) investing activities | 124 | 40 |
| Cash flows from financing activities: | | |
| Repayment of bank loans | (633,068) | (66,427) |
| Repayment of Trustee Loans | (5,000) | (500) |
| Cash inflows from new borrowing | 1,824,000 | 448,000 |
| Net cash provided by/(used in) financing activities | 1,185,932 | 381,073 |
| Change in cash and cash equivalents in the reporting period | 235,096 | (116,850) |
| Cash and cash equivalents at the beginning of the reporting period | (93,432) | 23,418 |
| Cash and cash equivalents at the end of the reporting period | 141,664 | (93,432) |
| (A) Reconciliation of net income/(expenditure) to net cash flow from operating activities | | |
| Net income/(expenditure) for the reporting period | (173,560) | (1,453,730) |
| Depreciation | 180,684 | 175,862 |
| Dividends, interest and rents from investments | (124) | (40) |
| Decrease / (Increase) in stocks | (2,995) | (2,622) |
| (Increase) / Decrease in debtors | (279,232) | 301,210 |
| (Decrease) / Increase in creditors | 252,111 | 481,357 |
| Interest waived | 9,996 | - |
| Donations in kind of fixed assets | (57,860) | - |
| Loans waived | (879,980) | - |
| Net cash provided by/(used in) operating activities | (950,960) | (497,963) |
| (B) Analysis of cash and cash equivalents | | |
| Cash in hand | 141,664 | 45,969 |
| Overdraft facility | - | (139,401) |
| Total cash and cash equivalents | 141,664 | (93,432) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR END 31 MARCH 2017

1 Accounting policies

Charity Information

Jubilee Sailing Trust is a charitable trust established under a Trust Deed and registered with the Charity Commission in England and Wales. The principal address is 12 Hazel Road, Woolston, Southampton, SO19 7GA. The Trust is a public benefit entity.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention (subject to the revaluation of fixed assets as detailed in note 1(h)) and are in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (SORP2015) issued in July 2014, the Charities Act 2011 and applicable accounting standards.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Trust and its subsidiary undertakings, Jubilee Sailing Trust Limited and Jubilee Sailing Trust (Tenacious) Limited as at 31 March 2017 using the acquisition method of accounting. No separate SOFA has been presented for the Trust alone as permitted by the SORP.

b) Going concern

The Trust is dependent on the continued support of its supporters, donors and lenders, fellow members of the group and other creditors. The Trustees consider that they have this support, and that the Trust will continue to operate as a going concern. The financial statements have been prepared on the basis that the Trust is a going concern and do not include the adjustments that would result in the event of the lenders or principal creditors removing their continued support and current credit and working capital facilities.

c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes.

Restricted funds are funds provided to be used for specific purposes as specified by the donor. Expenditure which meets these criteria is charged to the funds.

d) Incoming Resources

All incoming resources are recognised once the Trust has entitlement to the resources, it is reasonably certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. Gifts in kind are included at valuation. No amounts are included in the financial statements for services donated by volunteers.

Legacy income is recognised when the legacy has been received, or once the Trust has confirmed its entitlement to the legacy and the value is known with sufficient reliability.

Voyage fees represent the amounts invoiced for voyages which commenced in the accounting period. Voyage deposits received in advance are deferred until the commencement of the voyage.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR END 31 MARCH 2017

1 Accounting policies (continued)

e) Donated voyage fees

Donations made to subsidise the cost of voyages are restricted and shown as deferred income under assisted voyage deposits. Donated voyage fees are only used for subsidising the cost of voyages as specified by donors and are released to meet the costs of the voyage when the conditions set by the donors are met.

f) Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Trust to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Support costs are those costs (including overheads) incurred in support of expenditure on the objects of the Trust. Support costs have been allocated first between charitable activity and governance. The overhead element has then been apportioned between charitable activity and governance based on staff time and turnover ratio. The allocation of overhead and support costs is analysed in note 6 (b).

g) Governance costs

Governance costs comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

h) Fixed assets and depreciation

Lord Nelson and Tenacious are stated at valuation in accordance with FRS 102. Depreciation following a revaluation is provided on a straight line basis at 2.5% per annum. The cost of refits is charged against revenue as incurred.

All other fixed assets costing over £3,000 are capitalised and stated at cost or, if donated, at retail cost, less accumulated depreciation. Depreciation is calculated so as to write off the cost of fixed assets over the expected useful economic lives on a straight line basis, at annual rates varying between 10% and 25%.

Subsequent expenditure that enhances the economic benefits of the asset in excess of its previously assessed value is capitalised.

i) Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the Statement of Financial Activities.

j) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

k) Debtors

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

l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts.

m) Creditors and provisions

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

n) Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR END 31 MARCH 2017

1 Accounting policies (continued)

o) Pension costs

The Trust participates in independent pension schemes for employees based on defined levels of contributions. The assets of the schemes are held separately from those of the Trust. Pension costs represent the contributions payable by the Trust during the period.

The Trust also participates in the Merchant Navy Officers Pension Fund (MNOFF) pension scheme for qualifying members which incorporates both defined benefit and defined contribution sections. Provision is made for the agreed contributions to the deficit under an instalment payment arrangement.

p) Irrecoverable VAT

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

q) Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2 Critical accounting estimates and judgements

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Ship Valuations

The Trust's tall ships are shown in the financial statements at valuation. The trustees engage professional specialist valuers to value the ships and the valuations are based on their advice. The valuation is an estimate based on various factors as shown in note 11.

MNOFF Multi-Employer Defined Benefit Scheme

Provision is made for the agreed contributions to the deficit on the MNOFF multi-employer defined benefit scheme. The deficit is an estimate based on calculations and valuations made by independent actuaries.

3 Donated goods, facilities and services

From our valued supporters around the world the Trust received £195,000 in donations in kind in the year. Examples of the support we have received throughout the year include ship services and equipment such as berthing fees, insurance and navigational equipment. We have also received support for office services and equipment such as new office printers.

Our volunteer branch community provides us with invaluable support across the world helping to raise awareness of our work, fundraising, providing expert assistance in the office and with the maintenance of our ships. Volunteers also play a key role delivering our mission as Watch Leaders, Bosun's Mates and Cook's Assistants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

4 Donations and gifts

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Charitable trusts, corporate donors and other institutions | 1,566,281 | 610,633 |
| Legacies | 128,002 | 165,600 |
| Fundraising events | 94,579 | 119,232 |
| Individuals and branches | 731,616 | 599,510 |
| | <u>2,520,478</u> | <u>1,494,975</u> |

5 Investment income

Investment income comprises bank interest receivable of £124 (2016: £40).

6 (a) Total resources expended

| | Staff costs | Depreciation | Other direct costs | Total 2017 | Total 2016 |
|---------------------------------|------------------|----------------|--------------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Fundraising and publicity costs | 193,283 | 1,170 | 362,762 | 557,215 | 310,852 |
| Merchandising costs | - | - | 30,216 | 30,216 | 21,291 |
| Lord Nelson operating costs | 873,336 | 70,726 | 971,246 | 1,915,308 | 1,812,689 |
| Tenacious operating costs | 873,336 | 108,644 | 1,001,277 | 1,983,257 | 2,054,809 |
| Interest payable | - | - | 43,500 | 43,500 | 33,881 |
| Governance costs | 43,600 | 144 | (43,744) | - | - |
| | <u>1,983,555</u> | <u>180,684</u> | <u>2,365,257</u> | <u>4,529,496</u> | <u>4,233,522</u> |

Other direct costs include audit fees of £11,350 (2016: £11,065) and auditors' remuneration for non-audit services of £1,550 (2016: £1,500) included within governance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

6 Total resources expended - continued

6 (b) Allocation of support costs and overheads

The breakdown of support and overhead costs and how these were allocated between Governance and Charitable Activities (Ship operating costs) is shown in the table below. All have been allocated on a 'time spent' basis.

| Cost Type | Total | Operating Costs | | |
|-------------------------|------------------|-----------------|----------------|----------------|
| | Allocated | Governance | Lord Nelson | Tenacious |
| | £ | £ | £ | £ |
| Staff costs | 488,022 | 43,600 | 222,211 | 222,211 |
| Office rental and costs | 17,712 | 1,700 | 8,006 | 8,006 |
| Communication costs | 13,748 | 744 | 6,502 | 6,502 |
| Insurance | 6,478 | 424 | 3,027 | 3,027 |
| Depreciation | 144 | 144 | - | - |
| Other | 482,325 | 83,387 | 199,469 | 199,469 |
| | <u>1,008,429</u> | <u>129,999</u> | <u>439,215</u> | <u>439,215</u> |

Support costs include exchange differences debited/(credited) of £19,649 (2016: £1,952).

7 Staff and Agency Costs and Remuneration of Key Management Personnel

| Group | 2017 | 2016 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 913,469 | 764,892 |
| Social Security costs | 100,409 | 73,953 |
| Pension contributions | 43,314 | 26,067 |
| Agency staff | 909,822 | 835,538 |
| Pension contributions - agency staff | 16,541 | - |
| | <u>1,983,555</u> | <u>1,700,450</u> |

The average number of employees, analysed by function, was:

| | No. | No. |
|----------------|-----------|-----------|
| Administration | <u>33</u> | <u>25</u> |

The average number of full time staff was 28 (2016: 20) and part time staff was 5 (2016: 5). The average number of full time equivalent staff was 31 (2016: 23).

The majority of the ships' crews are supplied to the Jubilee Sailing Trust by a specialist agency which employs them and consequently they are not included in the average number of employees shown above.

The agency staff costs shown above relate to staff employed by a third party but provided to Jubilee Sailing Trust Limited under a contract for the provision of staff.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

7 Staff and Agency Costs and Remuneration of Key Management Personnel - continued

During the year, the number of employees with emoluments of over £60,000 was as follows:

| | 2017 | 2016 |
|--------------------|------|------|
| | No. | No. |
| £60,000 - £70,000 | - | - |
| £70,000 - £80,000 | 1 | 1 |
| £90,000 - £100,000 | 1 | 1 |

The average number of administrative employees is based on full-time equivalents whereas the average number of ships' crew consists of relief and permanent crew.

| | 2017 | 2016 |
|---|---------|---------|
| | £ | £ |
| Employment benefits of key management personnel | 304,770 | 270,914 |

| | 2017 | 2016 |
|-----------------------|----------------|----------------|
| Trust | £ | £ |
| Wages and salaries | 98,846 | 100,000 |
| Social Security costs | 12,521 | 12,680 |
| Pension contributions | - | - |
| | 111,367 | 112,680 |

The average number of employees, analysed by function, was:

| | No. | No. |
|----------------|----------|----------|
| Administration | 1 | 1 |

8 Trustees' remuneration

None of the Trustees or any persons connected with them received any emoluments from the charity in either year.

No Trustees received reimbursed expenses during the year (2016: None).

Trustee indemnity insurance of £3,286 (2016: £3,180) has been paid by Jubilee Sailing Trust Limited and is included within governance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

9 Interest payable

| | 2017 | 2016 |
|-------------|---------------|---------------|
| | £ | £ |
| Bank loans | 19,686 | 28,799 |
| Other loans | 23,814 | 5,082 |
| | 43,500 | 33,881 |

10 Results of parent and subsidiaries

These accounts incorporate the results of the Trust's wholly owned subsidiaries, Jubilee Sailing Trust Limited (company number 01694447, charity number 286487) and Jubilee Sailing Trust (Tenacious) Limited (company number 04019273, charity number 1081658), for the year ended 31 March 2017.

These subsidiaries share the principal objective of enabling physically disabled and able-bodied people to share the challenging and integrating experience of crewing a sailing ship at sea.

Each entity's total incoming resources for this period and their net operating surplus/deficit before any subvention of funds from the parents entity were as follows:

| | Incoming resources | | Operating surplus/(deficit) | |
|---|--------------------|-----------|-----------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Jubilee Sailing Trust | 2,564,578 | 1,348,582 | 2,396,182 | 1,209,017 |
| Jubilee Sailing Trust Limited | 903,083 | 786,496 | (1,274,332) | (1,140,991) |
| Jubilee Sailing Trust (Tenacious) Limited | 990,290 | 644,714 | (1,295,404) | (1,521,756) |

The aggregate amount of assets, liabilities and funds in each subsidiary is as follows:

| | Assets | Liabilities | Net Assets |
|---|------------------|------------------|------------|
| Jubilee Sailing Trust Limited | 2,611,441 | 2,611,441 | - |
| Jubilee Sailing Trust (Tenacious) Limited | 4,115,929 | 4,115,929 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

11 Tangible fixed assets

| Group | Tenacious £ | Lord Nelson £ | Boats & spare engines £ | Equipment & motor Vehicles £ | Total £ |
|--------------------------|------------------|---------------------|----------------------------------|---------------------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 April 2016 | | | | | |
| - at original cost | - | - | 89,496 | 21,648 | 111,144 |
| - at valuation | 4,250,000 | 2,500,000 | - | - | 6,750,000 |
| | 4,250,000 | 2,500,000 | 89,496 | 21,648 | 6,861,144 |
| Revaluation | - | - | - | - | - |
| Additions | - | - | - | 57,860 | 57,860 |
| Disposals | - | - | - | - | - |
| At 31 March 2017 | 4,250,000 | 2,500,000 | 89,496 | 79,508 | 6,919,004 |
| Depreciation | | | | | |
| At 1 April 2016 | 106,250 | 62,500 | 57,625 | 21,648 | 248,023 |
| Revaluation | - | - | - | - | - |
| Charge for the year | 106,250 | 62,500 | 7,112 | 4,822 | 180,684 |
| Eliminated on disposal | - | - | - | - | - |
| At 31 March 2017 | 212,500 | 125,000 | 64,737 | 26,470 | 428,707 |
| Net book value | | | | | |
| At 31 March 2017 | 4,037,500 | 2,375,000 | 24,759 | 53,038 | 6,490,297 |
| At 31 March 2016 | 4,143,750 | 2,437,500 | 31,871 | - | 6,613,121 |

Tenacious was pledged as security for the bank loan, as detailed in note 17a. Following repayment of the bank loan, Tenacious was pledged as security for a number of other loans, as detailed in note 17b.

The group adopts a policy of revaluation of its sailing ships in accordance with FRS 102.

A valuation was carried out in July 2015 by Graham Westbrook (independent naval architect and surveyor). He estimated the approximate value of Lord Nelson (Jubilee Sailing Trust Limited) at £2,500,00 and Tenacious (Jubilee Sailing Trust (Tenacious) Limited) at £4,250,000.

The basis for valuation and factors considered were:

1. Ships of similar size and nature available on the open market.
2. Comparison with as near an identical ship whose details are known.
3. The cost to build the ship from new.

The charity itself does not hold tangible fixed assets (2016: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

11 Comparable historical cost for Lord Nelson and Tenacious:

| Cost | Tenacious £ | Lord Nelson £ | Total £ |
|-----------------------------------|----------------|---------------------|------------|
| At 1 April 2016 and 31 March 2017 | 15,620,213 | 2,690,205 | 18,310,418 |
| Depreciation | | | |
| At 1 April 2016 | 4,881,062 | 1,614,123 | 6,495,185 |
| Charge for the year | 312,404 | 53,804 | 366,208 |
| At 31 March 2017 | 5,193,466 | 1,667,927 | 6,861,393 |
| Net Book Value | | | |
| At 31 March 2017 | 10,426,747 | 1,022,278 | 11,449,025 |
| At 31 March 2016 | 10,739,151 | 1,076,082 | 11,815,233 |

12 Stocks

These comprise promotional trading goods, fundraising materials, bar stock for resale and ship stores.

| | Group | | Trust | |
|--|---------|---------|-------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Cost of stocks recognised as an expense during the year: | 240,497 | 206,677 | - | - |

13 Debtors

| | Group | | Trust | |
|--------------------------------|---------|---------|---------|-------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Other debtors | 326,722 | 47,695 | 269,630 | - |
| Prepayments and accrued income | 71,758 | 71,553 | 24,959 | 9,488 |
| | 398,480 | 119,248 | 294,589 | 9,488 |

Amounts falling due after more than one year

| | | | | |
|---------------------------------------|---|---|-----------|-----------|
| Amounts due from subsidiary companies | - | - | 5,272,757 | 6,753,871 |
| | - | - | 5,272,757 | 6,753,871 |

The advances to Jubilee Sailing Trust Limited and Jubilee Sailing Trust (Tenacious) Limited from the Trust are secured on the assets of companies. By a Deed of Subordination finalised after the balance sheet date, the Trust has agreed that its security ranks behind the security given to National Westminster Bank plc, the Secretary of State for Trade and Industry, The Corporation of Trinity House of Deptford Strond, John Marston, Harry Cator and Elizabeth Thistlethwayte as detailed in Note 17. In the absence of any breach of the terms of the security, advances are repayable out of the proceeds of sales of any assets so secured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

14 Financial instruments

| | Group | | Trust | |
|---|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | <u>505,484</u> | <u>119,599</u> | <u>5,640,346</u> | <u>6,797,889</u> |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | <u>3,464,119</u> | <u>3,275,554</u> | <u>2,709,493</u> | <u>682,447</u> |

15 Creditors: amounts falling due within one year

| | Group | | Trust | |
|------------------------------------|-------------------------|------------------|-----------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (17a) | - | 772,469 | - | - |
| Other loans (17b) | - | 36,984 | - | - |
| Voyage deposits in advance (16a) | 907,409 | 676,023 | 237,328 | 244,469 |
| Trade creditors | 321,292 | 513,551 | - | - |
| Other creditors | 77,838 | 50,489 | 1,009 | 1,095 |
| Other taxation and social security | 29,906 | 21,199 | - | - |
| Accruals and deferred income | 166,989 | 137,061 | 19,484 | 352 |
| | <u>1,503,434</u> | <u>2,207,776</u> | <u>257,821</u> | <u>245,916</u> |

The amount of secured liabilities due within one year is £Nil (2016: £772,469).

| 16 Voyage deposits in advance | 1-Apr | Incoming | Release of | 31-Mar |
|-------------------------------|----------------|----------------|------------------|----------------|
| (a) Trust: | 2016 | Resources | b/fwd deferred | 2017 |
| | £ | £ | £ | £ |
| Assisted voyage fees | 222,569 | 151,489 | (152,067) | 221,991 |
| Branches | 21,900 | 1,000 | (7,563) | 15,337 |
| | <u>244,469</u> | <u>152,489</u> | <u>(159,630)</u> | <u>237,328</u> |

Donations made to subsidise the cost of voyages are received from a variety of sources to enable the Trust to operate subsidised voyages.

| Group: | 1-Apr | Incoming | Release of | 31-Mar |
|----------------------|----------------|----------------|------------------|----------------|
| | 2016 | Resources | b/fwd deferred | 2017 |
| | £ | £ | £ | £ |
| Assisted voyage fees | 222,569 | 151,489 | (152,067) | 221,991 |
| Branches | 21,900 | 1,000 | (7,563) | 15,337 |
| Voyage deposits | 431,554 | 670,081 | (431,554) | 670,081 |
| | <u>676,023</u> | <u>822,570</u> | <u>(591,184)</u> | <u>907,409</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

17 Creditors: amounts falling due after more than one year

| | Group | | Trust | |
|------------------------------|-------------------------|------------------|-------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Bank loans and overdraft (a) | - | - | - | - |
| Other loans (b) | 2,272,000 | 833,000 | 2,272,000 | - |
| Loans from individuals (c) | 228,000 | 681,000 | 228,000 | 681,000 |
| Voyage deposits in advance | 189,000 | - | 189,000 | - |
| Other creditors | 209,000 | 251,000 | - | - |
| | <u>2,898,000</u> | <u>1,765,000</u> | <u>2,689,000</u> | <u>681,000</u> |

The amount of secured liabilities due after more than one year is £2,500,000 (2016: £1,514,000).

(a) The analysis of the bank loan is:

| | 2017 | 2016 |
|-------------------|----------|----------------|
| | £ | £ |
| Due within 1 year | <u>-</u> | <u>633,068</u> |

All bank loans were fully repaid during the year.

(b) Other loans:

JC Newco Limited, a company set up by the family of Jacquetta Cator, made a loan of £850,000 to the Jubilee Sailing Trust (Tenacious) Limited, on which interest was charged at a rate of no more than 0.7% over the Bank of England's base rate.

During the year ended 31 March 2017, the balance outstanding on the loan including accrued interest was forgiven. The balance outstanding at 31 March 2017 was £Nil (2016: £869,984)

Details of the new loans provided during the year are as follows:

| Lender | Capital | Interest | Term |
|--------------------------|-----------|-----------------|----------|
| Harry Cator | 1,097,000 | 0.7% above base | 15 years |
| Harry Cator | 550,000 | 3% above base | 15 years |
| John Marston | 400,000 | 3% above base | 15 years |
| Elisabeth Thistlethwayte | 225,000 | 3% above base | 15 years |

The above loans are secured by a guarantee from Jubilee Sailing Trust (Tenacious) Limited and a ship mortgage on Tenacious which were finalised after the balance sheet date. The guarantee and mortgage rank behind the guarantee to National Westminster Bank plc and equally with the Corporation of Trinity House of Deptford Strond and the three lenders referred to above.

In September 2017, a donation of £400,000 was received from the Nebulus Trust to enable the Trust to repay the loan from John Marston.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

17 Creditors: amounts falling due after more than one year - continued

The analysis of other loans is:

| | 2017 | 2016 |
|----------------------|------------------|----------------|
| | £ | £ |
| Due within 1 year | - | 36,984 |
| Due within 1-2 years | 109,156 | - |
| Due within 2-5 years | 454,400 | - |
| Due after 5 years | 1,708,444 | 833,000 |
| | <u>2,272,000</u> | <u>869,984</u> |

(c) Loans from individuals

At 31 March 2011, eleven (2016: eleven) individuals including some Trustees had advanced loans to the Trust, totalling £228,000 (2016: £681,000)

| | 2017 | 2016 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| At 1 April 2016 | 681,000 | 233,500 |
| Loans advanced during the year | - | 448,000 |
| Repaid during the year | (5,000) | (500) |
| Reclassified | (448,000) | - |
| Waived during the year | - | - |
| At 31 March 2017 | <u>228,000</u> | <u>681,000</u> |

The interest on these advances is waived with the exception of two of the advances which bear interest at 3.5%. The JST has the power to make such interest payments in accordance with the terms of the Deed of Trust.

The outstanding amount at 31 March is analysed as follows:

| | 2017 | 2016 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Due within 1 year | - | - |
| Due between 1 and 2 years | 228,000 | 681,000 |
| | <u>228,000</u> | <u>681,000</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

18 Obligations under operating lease

At 31 March 2017 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Land & Buildings | | |
| Within one year | 22,335 | 6,514 |
| In more than one year but not more than five years | 28,849 | - |
| In more than five years | - | - |
| | <u>51,184</u> | <u>6,514</u> |
| Lease payments recognised as an expense during the year | <u>22,335</u> | <u>23,745</u> |

19 Related parties

The loans from the Trustees and other individuals included in Note 17 above are also related party transactions and therefore the Trust considers the following to be material transactions. Certain of the Trustees took the decision to waive interest on these loans. The interest waived of £1,230 and calculated at 1.2% per annum (2016: £1,614) has been treated as a gift in kind.

Amounts of £5,000 and above owed by the Trust to Trustees and related parties at 31 March 2017:

| | 2017 | 2016 |
|---------------|-----------|---------|
| | £ | £ |
| Mr P Stone | 61,000 | 61,000 |
| Mrs J Cator | 75,000 | 75,000 |
| Mr R Davies | 37,500 | 37,500 |
| Mr D Mumford | 20,000 | 20,000 |
| Mr T Stewart | 20,000 | 20,000 |
| Mr J Caulcutt | 5,000 | 5,000 |
| Ms A Robinson | 5,000 | 5,000 |
| Mr H Cator | 1,647,000 | 448,000 |

In addition, in August 2006 a loan of £850,000 was transferred from Barclays Private Bank Limited to Mrs J Cator, the Honorary President, details of which are disclosed in note 17(b). The interest charged on the JC Newco Limited loan (calculated at 1.2% per annum) was £Nil (2016: £9,996). During the year, the outstanding loan balance of £833,000 and accrued interest totalling £46,980 were waived.

The group has received appearance fees of £188,165 (2016: £Nil) from JST Australia, a separate legal entity with common trustees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017 - CONTINUED

20 Contingent liability

Certain of the group's assets were provided as collateral security for a loan from National Westminster Bank plc to Jubilee Sailing Trust (Tenacious) Limited. In December 2003, the group agreed to provide further security over a loan from JC Newco Ltd (see Note 17). Both of these loans were fully repaid during the year.

21 Funds

Group and Trust

| Restricted funds | 1-Apr 2016 £ | Incoming Resources £ | Deferred Income £ | Outgoing resources £ | 31-Mar 2017 £ |
|------------------------|--------------------|----------------------------|-------------------------|----------------------------|---------------------|
| Ships maintenance fund | 290,073 | 214,510 | - | (189,696) | 314,887 |
| Assisted voyage fund | - | 88,489 | (58,039) | (30,450) | - |
| Pension deficit fund | 11,000 | - | - | - | 11,000 |
| | <u>301,073</u> | <u>302,999</u> | <u>(58,039)</u> | <u>(220,146)</u> | <u>325,887</u> |

The ships maintenance fund represents amounts received for the continued maintenance of either of the groups's two tall ships

The bursaries received in the assisted voyage fund enable the Trust to operate subsidised voyages and youth training activities. These bursaries are only used for subsidising the cost of voyages as specified by donors and remain as deposits in advance until released as voyage income.

The pension deficit fund represents contributions received towards payment of the Trust's pension deficit liability.

22 Analysis of net assets between funds

| Group | Unrestricted Funds £ | Restricted Funds £ | Total £ |
|-----------------------|----------------------------|--------------------------|-------------------|
| Fixed assets | 6,490,297 | - | 6,490,297 |
| Current assets | 218,809 | 383,926 | 602,735 |
| Current liabilities | (1,445,395) | (58,039) | (1,503,434) |
| Long term liabilities | (2,898,000) | - | (2,898,000) |
| | <u>£2,365,711</u> | <u>£325,887</u> | <u>£2,691,598</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR END 31 MARCH 2017 (continued)

23 Pension Costs and Pension Deficit Costs

The total pension costs charged to the SOFA account amounted to £43,314 (2016: £26,067).

The costs include contributions at varying rates to the Merchant Navy Officer's Pension Fund, a pension scheme for qualifying members which incorporates both defined benefit and defined contribution sections. The defined benefit scheme is exempt from the disclosures required under Section 28 of FRS 102 as a multi employer scheme, because the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis.

The latest Actuarial Valuation at 31 March 2012 reported a gross deficit of £492 million, and at that date previously agreed deficit contributions to be paid over by all scheme members had a value of £340 million, resulting in an adjusted deficit of £152 million.

Jubilee Sailing Trust Limited has entered into an agreement with the MNOPF in March 2014 and is paying monthly instalments of £3,500 per month, starting in February 2014 and ending in July 2023.

As required under FRS 102, a provision has been made for the agreed contributions to the deficit and the provision at the year end amounted to £251,000 (2016: £282,000).







ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



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changing lives

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