



Seafarers UK

Trustees' Annual Report and Accounts

For the year ended 31 December 2017

Patron: Her Majesty The Queen
President: HRH The Earl of Wessex, KG, GCVO, CD, ADC(P)

Seafarers UK (King George's Fund for Sailors) is a Registered Charity No. 226446 in England and Wales, incorporated under Royal Charter.
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Message from the Chairman

Vice Admiral Peter Wilkinson CB CVO BA

Is it natural evolution or unnecessary change? Is it for better or for worse? Well it probably depends from which end of the telescope you are seeing it.... However, I am in no doubt (and it very much supports the Director General's premise that as a charity we are continuing to evolve) that if we don't regularly review critically our activities, our processes and our realistic aspirations, then we will suddenly find ourselves out of step with both our potential donors and supporters, and our beneficiaries.

It is clear to all of us involved in Seafarers UK that having passed the momentous and hugely successful watershed of our Centenary last year, and although we need to bear in mind the lessons of the past, we need to keep our eyes firmly on the future, staying agile and adaptable if we are to remain successful. We need to accept some new realities:- that fundraising will remain difficult for the foreseeable future; that whilst our potential beneficiaries will reduce in number, their needs will change as they age; that the costs of care will continue to rise, but that there is unlikely to be any more money coming from Government to help fund social programmes.

We are already reflecting these tenets in the way we are increasing our focus on fishermen and Merchant Navy seamen and their families. In post-industrial Britain it is a particularly brutal reality that our fishing ports and coastal towns are some of the poorest in the country and it can be distressing to see how little impact headline Government policies have on such communities. Trustees are acutely aware of the scale of the challenge and are both supporting and challenging the Executive to make sure that we remain match-fit, lean, efficient - and ready for the ever-increasing regulatory and governance challenges that lie in wait to trap the unwary.

So can I finish by publicly, once again, thanking all of you, our supporters, for your unswerving loyalty and generosity? I would also like to recognise the wise counsel of the Trustees and their unstinting efforts on behalf of Seafarers UK. They give willingly of their own time not only to keep the charity on track but to ensure that it is prepared for all eventualities and we should all be hugely grateful to them. Of course, the Director General and his staff continue to work hard to run Seafarers UK on a daily basis and on behalf of all our beneficiaries I would also offer them our most sincere thanks.

Introduction from the Director General

Commodore Barry Bryant CVO RN

Well, that was the year that was! As we welcome you to this Annual Report for 2017, I vividly remember the efforts that went into ensuring that our Centenary would be a year to remember; the way that our President, HRH The Earl of Wessex, so strongly supported the fundraising plans for the year, back in May 2016, and the huge presentational and eventually successful efforts of the year itself. There was also the concurrent Strategic Review which took such a massive but largely unseen intellectual effort by Trustees to ensure that our charity is fully fit to face its second century. We certainly live in volatile and challenging times and thus, with our unique Royal Charter responsibilities, Seafarers UK has also been privileged to lead the Maritime Charities Group (MCG) research programme over the last three years, culminating in the highly successful 'Navigating Change' Conference in October 2017 which laid out so clearly the structure and anticipated needs of our community now and in the years to come.

It is always reassuring to have a foundation based on a proven historical programme of relieving seafaring distress while also being seen to look towards a more efficient and effective future for all our seafaring colleagues. Nonetheless, the times, they are a 'changing! The end of 2017 saw the formal adoption of the results of our Strategic Review and, backed up by the 'Navigating Change' recommendations, a shift of grant-making priorities towards the less financially advantaged Merchant

Navy and fishing communities. However, and to be perfectly clear, we are not shutting any doors on our Royal Navy (RN) and Royal Marines (RM) colleagues. The evolution of the Royal Navy and Royal Marines Charity (RNRMC) over the past decade, supported by Greenwich Hospital, has ensured a very adequate financial base for their many constituent charities into the future, but Seafarers UK will continue to work closely with the Naval Service in terms of representing the overall picture of the 'UK Maritime' so ably championed in recent years by Admiral Lord West and others. We shall also continue to use two of our 'Restricted' funds specifically to support RN and RM causes.

Our Campaigning work, as a very active member of the Maritime UK Board and Chair of their Careers Promotion Forum, will strongly represent the entire spectrum of jobs afloat, whether fishing off the beaches of Hastings, being at the forefront of research into the personnel implications of quasi-autonomous commercial shipping, or aspiring to captain our new generation of aircraft carriers.

Our ability to marshal supporting charities to formulate a coherent portfolio application to the Aged Veterans Fund led to a welcome incoming grant of £944k to carry out research and provide facilities for the oft-overlooked Merchant Navy Veteran contingent. We also believe our overall fundraising effort will be considerably strengthened by the advice and



support of a new Fundraising & Campaigns Trustee committee in this area.

We shall continue to lead the MCG, including recently joined members, into new programmes of research into the more generic social problems arising from a seafaring life. Loneliness, social isolation, unemployment, inability to access state benefits - none of these comes with a specific cap badge. The very fact that anyone has been to sea in the service of the United Kingdom or Commonwealth brings you under our umbrella; our job is to ensure that whatever aid that we can bring is delivered as directly and efficiently as possible, and often in partnership with others. As we move into this new and perhaps more streamlined era, I would ask our more traditional supporters to accept changing times,

open their eyes to an evolving community in both size and shape and, while perhaps remembering your own seagoing roots, understand the very real problems afflicting today's, and indeed tomorrow's, people.

Seafarers UK will not flinch from demanding the highest standards of care and impact from its beneficiary charities; those of you who give so generously with your money would expect nothing less. At the same time, we are very conscious that the world, and thus our maritime community, is developing both in itself and as a part of the United Kingdom's presently more austere society. Our job is to balance these changes and realities against present and expected resources to ensure a fair and vibrant future for those we support.



Objectives and Activities

Who we are and what we do

Seafarers UK has been helping people in the maritime community for 100 years by providing vital support to seafarers in need and their families, and to those in education or training who are preparing to work or serve at sea. We do this by giving grants and administrative support to organisations and projects that make a real difference to people's lives.

Key aims

Our key aims are to improve the quality of life for seafarers and their families in times of need by securing more efficient aid and support for them, and to ensure the effective distribution of funds to those charities that help them, so as to assist as many people as possible.

Royal Charter

Our governing document is our Royal Charter, first issued in 1920 and last amended in 2010. It describes our Objects as:

- The relief of seafarers, their families or dependants, who are in need.
- The education and training of people of any age to prepare for work or service at sea.
- The promotion of efficiency and effectiveness of the maritime charitable sector.
- The promotion of safety at sea.

All of these are achieved by providing support to organisations established within or occasionally outside the Commonwealth. This allows us to help a wide range of people from the maritime community, although both

the Charter and resolutions made by the Trustees exclude some specific activities. For example, we are unable to support memorials or the various charities and trusts promoting sailing activities for disabled people.

We consistently review our activities so we can meet the fundamental aims of the Charter in the light of the changing maritime, defence and social environment of the 21st century. How we do this is described in the following sections of this report.

Providing public benefit

Under the Charities Act 2011 there is a requirement for charities to make formal statements in their reports concerning more precisely how their activities fall under one or more of the 13 definitions of providing public benefit. The Trustees of Seafarers UK confirm that they have taken heed of the Charity Commission's guidance on this matter when reviewing their aims and objectives and in planning future activities.

Seafarers UK is actively and positively involved in:

- The prevention and relief of poverty.
- The advancement of health.
- The relief of those in need by reason of youth, age, ill-health, disability, financial hardship and other disadvantages.
- The promotion of the efficiency of the armed forces of the Crown.

The charity also has connections to other definitions promoting amateur sport, religion and education, where these relate to nautical welfare. Indeed, we take great pride in having the ability, in principle, to relieve almost every aspect of the human condition, from cradle to grave, and irrespective of race, gender or orientation, so long as the beneficiary has satisfactory links with the UK and Commonwealth maritime community.



Strategic Plans

Our Vision

Our vision is a proud and respected UK and Commonwealth maritime community, living free of need and social disadvantage.

Our Mission

Our mission is based on six key themes:

- Continuing to strengthen our position as 'the leading charity for the UK's whole maritime community'.
- Supplying a successful and innovative grant-making service to the sector, supported by a strong fundraising operation.
- Providing leadership and a focus for coordination, cooperation and management of generic services and projects as Chair of the Maritime Charities Group (MCG).
- Promoting maritime education and career opportunities as a Maritime UK Board member and furthering the Maritime Growth Study work by chairing the national Careers Promotion Forum.
- Providing a focus for maritime welfare research, linking with the Forces In Mind Trust (FiMT) research cluster, Veterans' and Families' Research Hub, MCG research base and other external data sources.
- Liaising with the Royal Navy & Royal Marines Charity to ensure a strong pan-maritime link with Confederation of Service Charities (Cobseo), FiMT, Veterans Scotland and other maritime and military sector bodies.

Key objectives for 2018

Overview

A detailed strategic internal review process along with Maritime Charities Group conference recommendations have provided some clear markers to head for over the coming years. Given the confidence of external scrutiny and research, we now have the assurance that our projected plans are robust and fit-for-purpose as we seek to meet the challenges of the ever-evolving needs of our maritime community.

Our primary task remains grant-making, with the charity having the most comprehensive application, examination, awarding, and monitoring and evaluation process in the sector. This has required investment in talent and training, but the outcome is impressive and will provide an excellent service into the future.

We will seek greater efficiency and the development of a well-honed message where fundraising is concerned, particularly with regard to commercial maritime industries. Project fundraising has proved successful and is a model we will continue to pursue

in identified areas, while more routine needs are dealt with via unrestricted investments and donations.

We intend to build new contacts whilst we reinforce our corporate approach in conjunction with the Maritime Growth Study work. We will continue to lead the Maritime Charities Group's post conference agenda - building a more holistic service to our community by working more closely with the service-delivery charities, and ensuring that we remain at the forefront of governance best practice.

In our Grant-making work we will aim to:

- Use the findings from the Directory of Social Change research to develop our grant making strategy.
- Establish priority funding streams to ensure the greatest impact of funding.
- Use the *Fishing for a Future* research to develop an evidence base which will inform our funding priorities for the welfare needs of the UK fishing sector.
- Follow up the recommendations of the Maritime Charities Group's research in respect of supporting beneficiaries to develop a sector-wide approach to impact measurement.

Through Fundraising and Marketing we will:

- Launch a new Fundraising Appeal in support of seafarers' dependants and their families.
- Engage more deeply with the commercial shipping sector and corporates in seeking increased support from both companies and employees.
- Enhance our focus on the use of digital and social media in reaching out to new supporters.
- Further develop our Project Fundraising work in linking donors directly with projects, particularly for our on-going Marine Engineering Pathway partnership with Sea Cadets but also by building on our research findings into fishing communities' needs and identifying potential new projects to support them.
- Review our channels and policies where supporter communications are concerned, reducing costs where possible and ensuring compliance, e.g. with the General Data Protection Regulation.



- Continue to promote and grow the Merchant Navy Fund in partnership with the Merchant Navy Welfare Board.
- Begin to build our programme of challenge events, using it to engage more deeply with the corporate sector and individual fundraisers in seeking to grow income levels.

Our Campaigning and Awareness-raising efforts will seek to:

- Deliver our annual Seafarers Awareness Week campaign (24-30 June 2018), partnering with the government's Year of Engineering campaign, focusing on career opportunities at sea and ashore.
- Increase the number of Local Authorities, historic buildings and other organisations taking part in our Fly The Red Ensign campaign for Merchant Navy Day.
- Work with Maritime UK, the Maritime Skills Alliance, IMO, IMarEST, UK and International Chambers of Shipping, Trade Unions and others in an on-going campaign for greater awareness and appreciation of seafarers and their needs.
- Direct the Maritime UK Careers Promotion Forum's programme of work in campaigning for greater maritime awareness and career opportunities.

In our Sector efficiency and effectiveness work we will:

- Use the recently published 'Navigating Change' research report by the MCG to guide our own further work on social priorities within our sector, and advise partner organisations on the same.
- Continue to provide Human Resources and Administration support to selected partner organisations.
- Use our resources in promoting and organising the Annual National Service for Seafarers.
- Provide focused support for MN Veterans by working with the Aged Veterans Fund to identify and provide for this unsung cadre.
- Build on the inaugural 'UK Fishing Forum' and help to coordinate a joint stakeholder approach to fishing community need.
- Further the acceptance of a common Grants Application Form and process within the MCG to assist in optimising the use of total sector resources.

Through our Governance work we will:

- Ensure a fully compliant and coherent governance and external reporting structure.
- Ensure the skills and experience based General Council operates at maximum effectiveness and in

accordance with best practice, with members advising the Chairman on the execution in their specific areas of expertise, particularly via the sub-committees.

- Provide Trustees with the opportunity to update and enhance skills and keep abreast of charity governance regulations.
- Examine in principle any possible beneficiary benefits and operating efficiencies inherent in closer working with any other organisation, and take forward such activity if deemed appropriate by Trustees.

Our Management and Administration aims are:

- To recruit and retain a motivated, appropriately skilled and PQASSO-assured staff and administrative structure, able to support continuous improvement, internal progression, personal development and the supply of external services.
- To continue to provide an excellent financial administration service both internally and externally.



Performance and Achievements

Introduction

Improving the lives of serving and ex-seafarers in need and their families, and encouraging young people considering a career at sea continues to be the charity's core focus. We do this in the main by making grants to organisations, and so this area takes up the majority of our reporting on our impact and achievements below. You can find more information on our non-grant making achievements on page 12.

Grant-making in numbers

102 grant applications were received in 2017 and 88 grants were awarded; worth a total of £3,524k (taking into account grant returns received in 2017). This is an increase of £951k from the 2016 total of £2,573k. This amount included £70,548 in grants awarded by the Merchant Navy Fund (operated by Seafarers UK in partnership with the Merchant Navy Welfare Board). During 2017 our average grant award was £40,038; this is larger than the average grant value in 2016 due to our success with the Aged Veterans Fund.

The Merchant Navy sector has benefited from 56% (2016: 45%) of the value of all grant awards, with the UK Fishing Fleet benefiting from 20% (2016: 20%) of the value of all grant awards. This is consistent with our planned approach to focus funding on maritime sectors with the least amount of other funding options available. Consequently, grants to the Royal Navy sector have decreased from 14% to 10% in 2017, whilst grants to cross-sector and Youth organisations totalled 1% and 13% respectively.

Celebrating 100 Years of grant-making

2017 was our centenary year. It was celebrated with three large grant awards to fund special projects that reflect the past, present and future of the UK's maritime heritage. The nature of the three projects will make a substantial impact on the maritime sector and, we hope, will provide a lasting legacy of our grant-making activity.

Past

Our 100 year history was honoured with a substantial grant award in 2015 of £1.17m (with the last payment made in 2017), along with £112,000 from the Chancellor using LIBOR funds. This was used to help fund a major extension to the accommodation provided for elderly and retired seafarers at Nautilus UK's Mariners' Park in Wallasey, Wirral. The new Seafarers UK Centenary Wing was opened by HRH The Earl of Wessex on 23 June 2017.

The building provides fully accessible state of the art accommodation consisting of 22 single and double occupancy bedroom apartments, and including a new activities space for residents, a staff room and extra storage facilities. This grant award will enable elderly or retired ex-seafarers and veterans to benefit from access to Mariners'

Park's highly-rated domiciliary care service, social activities and communal facilities for many years to come.

Present

The 'present' was celebrated with an international project to support serving seafarers. This was achieved with a grant to the International Seafarers' Welfare and Assistance Network (ISWAN) in partnership with the Merchant Navy Welfare Board (MNWB) to establish a Seafarers International Port Welfare Partnership Programme. The Programme was launched during London's International Shipping Week at Trinity House in September 2017.

The aim of the programme is to encourage the establishment of port welfare boards across the world. Their main role is to co-ordinate services and support for seafarers coming in to port so they have information about what's available to them, such as free transport to and from the town, during their limited time alongside. This project will help to spread and promote best practice in the development of port welfare boards. At the same time, a longer term sustainable approach is being taken forward as the team actively seek further funding support for a larger international welfare boards development programme.

While not a totally international organisation, it should be noted that Seafarers UK is prepared to fund up to 33% of any international welfare project, as above, in recognition of the fact that Commonwealth seafarers make up some 33% of the global seafaring workforce.

Future

Our 'future' project aimed to fulfil our Royal Charter objective of training and educating the seafarers of the future. This was in the form of a partnership with Marine Society & Sea Cadets (MSSC), with Seafarers UK awarding a multi-year grant award for a jointly developed, innovative marine engineering project aimed at inspiring science, technology, engineering and mathematics (STEM) careers. The funding partnership has paid for a fleet of vehicles and trailers (known as 'Pods'), which have each been fitted out with marine engines and additional equipment, each with an instructor. The Pods have been touring cadet units and schools across the UK, providing initial taster sessions and hands-on workshops. It is hoped that this will encourage many more young people to consider a future career in marine engineering, whilst also helping to increase awareness of MSSC and Seafarers UK.

Grant-making in 2017

Over the past 100 years, Seafarers UK has developed close and long-enduring relationships with a large number of beneficiary organisations who regularly apply for a grant to enable them to continue providing and delivering much needed services to current and ex-seafarers and their families. Without a grant some of these organisations



may struggle to deliver their 'business as usual' services that their seafarer beneficiaries have come to rely upon. Other organisations apply for a grant in order to innovate and develop new services and projects in response to the changing needs of their beneficiaries. As a funder, Seafarers UK is flexible, responsive and supportive of the needs, plans and aspirations of all our beneficiaries whether long-term or new applicants. Below are some of the organisations who received a grant award in 2017.

Core costs for business as usual

Queen Victoria Seamen's Rest (QVSR) has been providing a "seamen's rest" since before Seafarers UK came into existence. For many years Seafarers UK has been proud to contribute funding towards QVSR's core costs to aid their provision of accommodation and welfare support for active and retired seafarers and their dependants. In recent years, QVSR has taken over the operation of London Tilbury Seafarers' Centre and London Gateway Seafarers' Centre. Seafarers UK has also contributed towards the core costs incurred by QVSR in providing welfare support to active seafarers taking time out from their vessels at the centres.

Partnership projects for all seafarers

Seafarers UK provides partnership funding along with Trinity House, ITF Seafarers Trust and the Merchant Navy Welfare Board (who also lead the project management) of the UK Port Welfare Vehicle Replacement Project. This is an ongoing programme that provides financial assistance in order to purchase vehicles essential for seafarers' welfare and the delivery of port welfare services to domestic and foreign visiting seafarers. In 2017 an updated Memorandum of Understanding was signed between MNWB and each participating welfare organisation. It is anticipated that during 2018 there will be an opportunity to trial at least one electric vehicle or EPV which will almost certainly reduce running costs where such vehicles are practical.

The Seafarers Advice and Information Line (SAIL) is co-funded by Seafarers UK, Seafarers' Hospital Society and Greenwich Hospital. SAIL provides a free telephone service for seafarers and their families within the framework of the Citizens Advice Service and the direct management of Greenwich CAB. It is the only UK-wide Citizens Advice service for seafarers and their families. They can provide in-depth advice, casework, advocacy, negotiation and a specialist debt service and are happy to receive referrals from other maritime organisations for seafarers who need their services. This specialist service is continuing to grow and develop as more seafarers become aware of its existence and the level of demand for its services increases.

The Aged Veterans Fund

Seafarers UK successfully obtained a grant of £943,930 from the Aged Veterans Fund funded by the Chancellor using LIBOR funds. This restricted grant has been utilised for a project focused on older Merchant Navy and Royal

Fleet Auxiliary veterans and is carried out in partnership with The Institute of Public Care and Nautilus Welfare Fund (NWF). The project has three elements: to carry out research to understand the needs of older Merchant Navy and Royal Fleet Auxiliary veterans; the construction of dedicated supported housing, and the delivery of a casework service for Merchant Navy veterans in Liverpool, Glasgow, Hull, Southampton and Portsmouth.

International support

In addition to supporting UK seafarers, grant awards are also made to support seafarers in the Commonwealth. In 2017 Commonwealth grants worth £247,683 were awarded to organisations such as Apostleship of the Sea to increase its capacity to serve the needs of seafarers in the Commonwealth. In partnership with other maritime funders, a grant was also provided to the Seafarers Emergency Fund, run by International Seafarers' Welfare and Assistance Network (ISWAN). This provides immediate, essential aid to seafarers and families of seafarers, worldwide, who are directly involved in sudden and unforeseen crises. A further £80,000 was awarded to ISWAN in 2017 for the running of its multilingual helpline service for international seafarers.

Human Rights at Sea

Seafarers UK has supported Human Rights at Sea since its inception in 2014. Human Rights at Sea is a not for profit international human rights campaigning organisation that raises awareness of the implementation and accountability of human rights provisions throughout the maritime environment, especially where they are currently absent, ignored or being abused. Ongoing support from Seafarers UK has played a significant role in assisting the development of new initiatives to support seafarers' human rights, alongside essential maintenance of key projects such as the Missing Seafarers & Fishers Reporting Programme. In 2017 two additional funders, encouraged by Seafarers UK's ongoing support, have also begun to provide funding assistance to Human Rights at Sea for the first time.

New Zealand earthquake

Following the November 2016 earthquake centred on Kīakōura Centre Port Wellington suffered serious damage with much of the port infrastructure beyond repair and earmarked for demolition. This included the Wellington Seafarers Centre (WSC). An emergency grant of £4,500 was match funded by Mission to Seafarers to enable the WSC to purchase a temporary portacabin structure. Within 4-6 weeks they were able to continue to support the welfare needs of approximately 5,500 seafarers a year who use this busy port. Once a new permanent structure has been re-built for WSC, the portacabin will not be wasted as it will be used at Seaview, New Zealand, which currently has no Centre.



Focus on Fishing

We are now beginning to venture into providing greater support for the fishing sector. Until this current year, the majority of our grant support for the UK fishing community has been through the Fishermen's Mission. In 2017 small grants were made to organisations such as Cardigan Bay Fishermen's Association (CBFA) to kick-start a project to renovate a former boat club into a multi-purpose community premises and base for CBFA. The Seafish Industry Authority also received a grant aimed at addressing the safety and high mortality rates in Welsh fishing. This grant will provide essential safety equipment and support engagement with fishermen to encourage wider behavioural change in preventing incidences of man-overboard amongst the Welsh fishing fleet.

With the aim of providing a greater number of grants to the UK fishing sector, Cornwall Rural Community Charity was commissioned, via a grant award, to take forward a large piece of research aimed at hearing from the authentic voices of UK fishermen on the challenges, needs and opportunities that they experience. The interim findings from this 2017 research were then published in a report entitled *Fishing for a Future* in early 2018 and subjected to discussion and feedback amongst selected industry experts and fishermen at an event hosted by Fishmongers' Hall in London. The final research report is due to be published later in 2018 and will inform our future funding priorities for the UK fishing sector.

Grant-making strategy

To inform our grant-making strategy, the Directory of Social Change was appointed to conduct an independent evaluation of our grant-making strategy and to present findings that will ensure the sustained effectiveness of Seafarers UK's grant-making beyond our centenary year. This has proven to be an invaluable exercise with over 80 beneficiary organisations contributing their views on how Seafarers UK could most effectively help them meet the needs of seafarers. In 2017 we also improved our grant-making processes and worked on making our grants data more transparent. These are all initiatives that will have long lasting impact on our future grant-making strategy and which will become more apparent to future beneficiaries during 2018.

Transparency

Openness and transparency are important principles in grant-making. In past years we have published information about our grant awards in our annual report and on our website. In 2017 we worked on further increasing the transparency of our grant awards through joining with 60 other funders to share our grants data in an open, standardised and comparable format on the 360Giving website. All of Seafarers UK's grant awards are available online alongside grants made by a range of other grant-makers including community foundations, local authorities, lottery funders and charitable trusts. By publishing our grants data in this manner, our funding of seafarers will be made more open and widely available than ever before.

Continuous improvement

We continuously aim to improve our grants processes. The grant application process is as simple and straightforward as possible and applicants are provided with the opportunity for personal one to one support at the application stage. Grant applicants are treated in a consistent and fair manner through the use of an objective grant scoring system, a robust financial analysis and due diligence prior to a grant recommendation being made to a Grants Committee comprising of Seafarers UK Trustees.

Feedback from the MCG's 2017 Navigating Change research helped to inform our approach to reserves when assessing a grant application. This led to the development of a new policy on reserves, which is shared on our website. We believe we have the right systems and controls in place to ensure that we use our funds effectively and wisely.

Inspiring confidence

Our monitoring and evaluation of 50 grants awarded in 2015 was completed by 98% of the beneficiary organisations involved. This process, which is invaluable to us in understanding more about the difference our funding makes, revealed the unexpected finding of the extent to which a Seafarers UK grant is respected by other funders. Beneficiaries highlighted how the awarding of a Seafarers UK grant has helped to inspire confidence in other funders and thereby helps to attract additional external grant funding to support the maritime welfare sector.



Performance and Achievements (continued)

OTHER KEY ACHIEVEMENTS FOR YEAR ENDING 31 DEC 2017

We also delivered during 2017 on a number of other key priority areas, as set out below.

Fundraising and marketing

The main aim of the Fundraising department is to raise additional funds for the charity. In 2017 the charity raised total funds of £3,199k (£1,852k in 2016) - not including income earned from investments or charitable activities. This was at a total cost of £828k (£832k in 2016). This resulted in a net income contribution of £2,371k (£1,020k in 2016) and a return on investment of £3.86 (£2.23 in 2016) for every £1 invested.

Whether viewing our Centenary animation, engaging with our social media channels, reading our Centenary booklet, attending a dinner, reading our magazine, interacting with our online Centenary timeline, taking part in a challenge event, or attending our Annual Meeting, our Centenary branding and messaging was clear for all to see throughout 2017. Five Centenary Dinners were held during the year at the Guildhall in London, the Bristol Mansion House, the Mersey Maritime Museum, the Plymouth Crown Plaza Hotel and the Glasgow Riverside College. These events allowed the charity to engage with over 600 of its supporters, highlighting our anniversary nationally and regionally and providing us with an opportunity to raise some funds on the night and associated media coverage.

We were involved with many other successful events and campaigns during our Centenary year. These included: being charity partner for the Greenwich Tall Ships Festival; being a beneficiary charity for London International Shipping Week; the opening ceremony for the Seafarers UK Centenary Wing at Mariners' Park by our President; successful campaigns for 'Seafarers Awareness Week' and 'Fly The Red Ensign'; our 24 Peaks Challenge and annual London Marathon turn-out; Supporting Seafarers Day, and also our programme of Royal Marines Bands concerts, including a special Centenary concert at Cadogan Hall in London. All these activities helped to keep our name up in lights during the year.

We continued to have fundraising success during 2017 where our three Centenary projects were concerned. This included the Marine Engineering Pathway project in partnership with Sea Cadets - with all six 'Pods' that we originally set out to raise money for now funded (and with four fully operational by end of 2017) - plus additional fundraising support for the Seafarers UK Centenary Wing at Mariners' Park in Wallasey, as well as ISWAN's International Port Welfare Partnership project. In total £470,000 in Centenary project donations were made during 2016 and 2017.

Grants received from the Aged Veterans Fund and from LIBOR funds raised almost £944k and £112k respectively.

Campaigning

During 2017 Seafarers UK was invited to chair Maritime UK's Careers Promotion Forum with the aim of creating a representative group of those interested in the skills recommendations of the Maritime Growth Study. Through this forum, and by appointing 'Champions' for each separate seafaring employment stream (e.g. Merchant Navy, fishing, workboats etc.) a number of new initiatives are now being pursued, including a far more accurate estimation of national seafaring numbers, recruiting and training requirements, and the development of transferable skills to enable personnel to remain within the UK maritime industry.

In June our Seafarers Awareness Week, sponsored by Inmarsat, successfully highlighted the dual themes of 'Maritime jobs at sea and ashore' and 'Sea ports for prosperity'. With over 150 supporting organisations the annual campaign achieved a strong level of media coverage across the maritime and educational press, as well as national radio and regional TV. There were 60 events promoting Seafarers Awareness Week held during June, 36 of them taking place in the campaign week. There was also an excellent level of social media engagement in June, including a reach of 3.1m via Twitter.

Our Fly The Red Ensign campaign for Merchant Navy Day on 3 September resulted in more than 650 Local Authorities and historic buildings taking part in flag raising ceremonies. Due to the high levels of local and regional media coverage this was our most effective PR campaign of the year.

Sector efficiency and effectiveness

Through the engagement and use of Seafarers UK resources, a successful Maritime Charities Group Navigating Change conference was held at the offices of Inmarsat on 16-17 October with 120 participants. A key element of the conference agenda was the discussion and examination of a major new piece of research overseen and published by the MCG in close cooperation with The Researchery: 'Navigating Change: A Review of the UK Maritime Welfare Charity Sector'.

As highlighted on page 10, the charity also successfully applied on behalf of a number of partner organisations to the Aged Veterans Fund for a major grant in support of Merchant Navy Veterans. Seafarers UK is coordinating the project with the aims of better identifying their needs, providing more supported housing options, and delivering a case-work service.



Governance

We held our 100th Annual Meeting at Mansion House on 23 May. The Rt. Hon The Lord Mayor of The City of London officiated and Capt. Duncan Glass OBE MNM spoke about the charity's history and achievements.

The first meeting of the new Fundraising and Campaigns Trustee sub-committee was held in November. This group will take a closer interest in fundraising returns and strategy development, awareness-raising plans and impact and also compliance issues such as taking account of the General Data Protection Regulation (GDPR).

The Charity has been fully compliant with the requirements of the voluntary regulation scheme, and during 2017 no complaints about the charity's fundraising or marketing activities were received. Seafarers UK registered with the new Fundraising Regulator and has adjusted its processes to take account of the equally new Fundraising Preference Service. In getting ready for GDPR, Seafarers UK updated its privacy policy during 2017 (located on the Charity's website) to ensure that supporters, donors and other interested parties are clear on how the charity collects, stores and uses personal data. The charity does not use a professional fundraiser or commercial participator where fundraising activities are concerned.

The charity worked closely with the Merchant Navy Welfare Board to develop a joint position on closer collaboration in grant making, and ensured any related governance and process issues were carefully reviewed.

Management and administration

At this landmark stage in our history, Seafarers UK is acutely aware of its responsibility to build on the maturity and experience of 100 years' service to the maritime community in order to move forward successfully as a progressive and innovative 21st century charity, having as its backbone a robust and compliant internal administration. During 2017 we continued to adapt and improve management processes and procedures in order that Seafarers UK fulfils its Charitable Objectives efficiently and effectively in accordance with its regulatory obligations and best practice. A key part of this is the recruitment of talented and motivated employees with the right skill-sets to bring these tasks to their fruition.

During 2017, the Charity fulfilled its HR and Health and Safety legislative obligations and there have been no major issues in either area. Staff morale was high, further encouraged by the Senior Management Team's commitment to individual welfare and to personal development and training. Internal communication, both formal and informal, is both encouraged and welcomed.



Structure, Governance, Management & Risk

Legal Structure

Seafarers UK is a non-statutory body incorporated by Royal Charter. The Charter was originally granted in 1920 and, together with the Byelaws, provides the rules and guidelines under which Seafarers UK operates. After approval by the Privy Council, Supplemental Charters were granted in 1949, 1960, 1976, 1992 and 2010. The latest amendments to the Charter and Byelaws were approved by the Privy Council in 2010.

The Trustees are members of The General Council, which is the ultimate governing body. The General Council sets policy and is responsible for the conduct of Seafarers UK's affairs and for ensuring that the charity operates formally in accordance with the Royal Charter, the Byelaws and the law, as well as observing recognised best practice in all functional areas.

Organisational Structure and Operation

The General Council, which meets three times a year, has a formal schedule of matters specifically reserved to it for decisions. It has delegated authority to the following main committees of Council Members which meet regularly during the year:

- Audit and Governance
- Finance and Investment
- Grants
- Fundraising and Campaigns

Members of these Committees are shown on page 17. Committee Chairmen, supported by the relevant Executive staff, report on Committee activities as needed to each General Council meeting. The Chairman of the Council also convenes informal groups of Trustees as required to discuss specialist matters. Exceptionally, in late 2015 the Council authorised the formation of a Strategic sub-Committee to examine all aspects of the charity's policies, business and operations during 2016 and 2017. This sub-Committee made its final report to Council in December 2017.

The Council has overall responsibility for Seafarers UK's system of internal control and has an organisational structure with clearly defined lines of responsibility and delegation of authority. Information and reporting systems are in place for monitoring Seafarers UK's activities and performance. The Audit and Governance Committee reviews the effectiveness of Seafarers UK's internal control procedures and receives regular reports from management and the external auditors. The financial software system has been designed to enable individual staff to have closer control and ownership of their budgetary areas, and produce management accounts

which enables them to monitor, react to variances and better utilise the finances within their budgetary control.

The Council has delegated to Executive management the implementation of the system of internal control, including those concerning Voluntary Committees. Controls and procedures, including information systems controls, are detailed in the Staff Handbook and our Financial Procedures. Efficiency studies into discrete aspects of Seafarers UK's activities are conducted periodically.

The Council believes that Seafarers UK's system of internal control provides reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. In common with many other charities of similar size and organisation, a proportion of voluntary income is derived from events which cannot be fully controlled until financial results are recorded in the accounts. The General Council and Executive management make every effort to ensure that all such sums are properly accounted for and, in their opinion, this does not constitute a significant uncertainty in the preparation of the accounts.

Seafarers UK's strategy to help achieve its purposes is set out in an annual Business Plan, aspects of which are reviewed regularly by standing committees throughout the year, with the overall Plan updated for the following year and approved by the General Council each December.

Appointment of Trustees

New Trustees are co-opted during the year by the General Council and, subject to the approval of the membership of the Corporation, are formally elected for a five-year term of office at the next Annual Meeting. They may subsequently serve one further term of five years.

Training of Trustees

Following co-option to the Council, each new Trustee is provided with an induction programme covering both their generic and specific responsibilities and the entire spectrum of Seafarers UK's business, plus relevant Charity Commission publications covering more general but essential knowledge; these are updated when necessary. Trustees also receive regular briefings on any emerging legislation affecting charities at their four-monthly meetings, along with the offer of opportunities to attend specialist training courses.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the Royal Charter and Byelaws of the charity and



charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the Royal Charter and Byelaws of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under those Acts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Seafarers UK Remuneration Policy

Seafarers UK Trustees meet annually to discuss and review the remuneration for all staff. The charity is committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the

greatest impact in delivering our charitable objectives.

In accordance with the SORP (Statement of Recommended Practice), Seafarers UK:

- discloses all payments made to Trustees (NB no Trustees receive 'pay')
- discloses the number of staff in receipt of remuneration of more than £60,000 (in bands of £10,000). This figure includes gross pay and National Insurance Contributions
- discloses the policy for pensions and other staff benefits

Trustees' main responsibilities in relation to remuneration are to:

- review the Seafarers UK salary structure against an agreed independent market benchmarking tool and make amendments as appropriate to ensure that Seafarers UK salaries remain competitive
- determine the remuneration package of the Director General
- approve the annual percentage (cost of living) increase in the payroll for all staff (which can be zero) taking into account the most recent inflation figures
- approve any consolidated pay awards and staff salary increases outside the annual review process as recommended from time to time by the Director General
- determine pension arrangements, and
- ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded, and a duty to mitigate loss is recognised

Seafarers UK aims to recruit, subject to experience, at the lower – medium point within an appointment band, providing scope to be rewarded for subsequent performance excellence. We do not employ interns without pay, and we pay at least the living wage for all our staff.

Delivery of Seafarers UK's charitable vision and objectives is primarily dependent on our staff which, apart from Grants, reflect the largest single element of expenditure. At the beginning of 2017 Seafarers UK awarded all staff a 2% uplift in salary.

Control of risk

Seafarers UK takes a pro-active approach to Risk Management with the view that active management



of certain risks will have a positive overall effect on the organisation and its reputation. The Senior Management Team (SMT) uses the approach endorsed by the National Council for Voluntary Organisations (NCVO). Essentially, this requires a more holistic appreciation of the many factors surrounding each individually identified risk - some of which may not be in the control of the Charity's staff - and, where possible informs subsequent considered management of that risk in the best interests of the Charity.

Trustees and the SMT appreciate this philosophy and understand that Risk Management, across all activity areas, should be an integral part of planning processes and performance monitoring. At all times, Trustees must be satisfied that there are sufficient controls and processes in place to ensure that the key risks identified are being either mitigated or managed effectively. The Audit and Governance Committee reviews the Risk Register twice-yearly, and high-level risks are subsequently referred to the General Council for their evaluation. In reality, it is not possible to identify all risks, actual or potential; Risk Management is not about eliminating or fully controlling all or individual risks, but a management tool whereby Seafarers UK seeks to become a risk enabled and responsive organisation, which reacts positively and meaningfully to opportunities, innovation and change.

On the basis of their recent assessment across a wide range of activity, the Trustees consider the areas presently requiring closest attention as: Reputational Risk and Staff Succession and Resource Planning. Reputation can be adversely affected by a multiplicity of factors, from financial irregularity to Data Protection issues, and the new GDPR is concentrating minds. The focus on Staff Resource arises from the planned retirement by several long-serving and experienced staff members over the next two years; there is thus a requirement to manage change positively and constructively in order that Seafarers UK may take forward and build on the very best knowledge and expertise as the bedrock of a mature and progressive organisation.

The Trustees believe that the controls and staff actions being implemented at this time provide a strong mitigating effect in both these and other areas where Risk has been assessed. They remain firmly of the view, however, that it is the responsibility of the Management team to undertake continuous review, and to ensure that Council is fully informed.



Reference and Administrative Details

Name and registered office

Seafarers UK (King George's Fund for Sailors) is a registered charity, number 226446, in England and Wales, incorporated under Royal Charter, and registered in Scotland under number SC038191. The registered office is 8 Hatherley Street, London, SW1P 2QT. Seafarers Limited is a wholly-owned subsidiary of the Charity through which the Charity's magazine is published and sponsorships and commercial events are operated.

The Officers of Seafarers UK

Members of the General Council

President:

HRH The Earl of Wessex KG GCVO CD ADC(P)

Chairman:

Vice Admiral P. J. Wilkinson CB CVO BA

Deputy Chairman:

Captain R. H. Barker FNI MNM (G)

- Mr M. C. D. Acland (Fi) (resigned 23 May 2017)
- Mr N. Azhar (A) (resigned 23 May 2017)
- Mr D. Bain FCA (*Fi) (Chairman wef 9 November 2017)
- Mr P. Butterworth (A) (*Fr)
- Surgeon Commodore
P. J. Buxton OBE QHP RN (G)
- Mr M. Carden (G)
- Mr M. Dickinson (G)
- Mrs C. Gould (*G)
- Mr R. Greenwood (G) (appointed 23 May 2017)
- Mr G. Kidd (A)
- Mr W. Lawes (Fi) (Fr)
- Alderman The Lord Mountevans (A)
- Mr C. Marr (G)
- Mr J. J. Monroe (G) (*A) (Fr)
- Captain D. A. Parsons MNM MNI (*G) (resigned 23 May 2017)
- Mr S. Rivett-Carnac (*Fi) (stood down
as Chairman 9 November 2017)
- Ms N. Shaw FCIPD (Fi)
- Ms D. Sterling (G) (Fr)
- Mrs E. A. Strouts (A) (Fr)
- Mr P. Tomlin MBE (G)

Management

Director General: Commodore Barry Bryant CVO FCIPD RN

Director of Finance: Ian Wardle ACMA

Grants Director: Deborah Layde

Director of Fundraising & Communications: Nigel Shattock

Executive Director: Robina Whitehorn

Vice Presidents

The Most Rev. & Rt. Hon. The Lord
Archbishop of Canterbury

His Eminence The Cardinal Archbishop of Westminster

The Chief Rabbi of The United Hebrew Congregations

The Rt. Rev. The Moderator of The General
Assembly of the Church of Scotland

The Rt. Rev. & Rt. Hon. The Bishop of London

The Rt. Rev. The Bishop of Sodor and Man

The President of The Methodist Conference

The Vice President of The Baptist Union of Great Britain

The Moderator of The General Assembly
of The United Reformed Church

The Chaplain of The Fleet

Key to General Council sub-committee membership:

Fi Member of the Finance and Investment Committee

G Member of the Grants Committee

A Member of the Audit and Governance Committee

Fr Member of the Fundraising and Campaigns Committee

***** Chairman of Committee

**Vice Presidents (continued)**

Admiral of the Fleet Sir Benjamin Bathurst GCB DL

Admiral Sir Jock Slater GCB LVO DL

Sir Brian Jenkins GBE (resigned 23 May 2017)

Admiral Sir Brian Brown KCB CBE

Vice Admiral Sir Donald Gosling KCVO RNR

Sir Ian Denholm CBE JP DL

Sir John Ritblat FRICS

F. M. Everard CBE

Captain D. C. Glass OBE MNM

The Rt. Hon. The Lords Mayor of the City of London, Cardiff and Bristol

The Rt. Hon. The Lords Provost of the Cities of Edinburgh and Glasgow

The Lords Provost of Aberdeen and Dundee

The Rt. Worshipful The Lords Mayor of Birmingham, Coventry, Kingston upon Hull, Liverpool, Manchester, Newcastle, Nottingham, Oxford, Plymouth, Portsmouth, Swansea and Westminster

The Rt. Worshipful The Mayor of Southampton

Bankers

National Westminster Bank plc
280 Bishopsgate
London, EC2M 4RB

Auditors

KPMG LLP
15 Canada Square
London, E14 5GL

Investment Managers

Ruffer LLP
80 Victoria Street
London, SW1E 5JL

Veritas Investment Management LLP
90 Long Acre
London, WC2 9RA

UBS AG - Wealth Management Division
5 Broadgate
London, EC2M 2AN



Financial Review

The financial statements are presented in the standard format required by The Charities Act 2011 and the Trustees have elected to prepare the financial statements in accordance with SORP FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The Statement of Financial Activities (SOFA) shows the gross income from all sources and the split of activity between restricted and unrestricted funds.

Overview

It can be seen from the Statement of Financial Activities (SOFA) on page 21 that the Income for 2017 was £4,139k compared with £2,833k in 2016, representing a 46.1% increase of £1,306k. This is mainly due to an increase of £1,056k in Grants received, principally from the Aged Veterans Fund and Libor Fund.

Expenditure increased by £1,063k to £5,639k, a 23.2% increase. The key reason for this increase was the additional grants awarded of £930k as part of the Aged Veterans Fund programme of work, and £212k for consultancy work (inc. the CRCC Research).

Our deficit has therefore decreased from £1,743k in 2016 to £1,500k in 2017.

More detail on our Grants awarded, Fundraising, and Campaigning work can be found on pages 9 and 12 respectively.

Assistance to other organisations

We can and do assist several organisations with grant, financial and Human Resource administration. In 2017 we assisted Annual National Service for Seafarers (ANSS), Cobseo, Maritime Charities Group (MCG), Association of Drop-In Centres (ASDIC) and Seavision. The cost of assisting other organisations was £88k (2016:£74k). The £14k increase is mainly due to the additional assistance to the MCG for and during the Navigating Change Conference in October 2017.

Investment managers' performances

In 2017 our investments' market valuation increased by £469k. The overall investment valuation is now £39,188k compared to £38,719k in 2016. In addition, drawdowns from the portfolio of £2,411k occurred during the year.

Ruffer LLP operates an absolute return policy and aims not to lose money on a twelve month rolling basis, and also to out perform cash returns. In 2017 Ruffer returned 4.1% (2016: 11.3%) against a Bank rate of 0.3% (2016: 0.4%) and in the last 5 years have returned 35.5%. The Retail Price Index (RPI) in these periods was 4.1% in 2017 (2016: 2.5%) and 12.7% over the last 5 years.

Veritas Investment Management LLP aims to protect and grow the real value of capital over the longer term with a target return of RPI plus 4% per annum over a rolling 5 to 10 year period. Over the last 5 years, the investment portfolio has produced a total return of 57.1% against the UK RPI plus 4% of 34.4%. In 2017 the portfolio returned 11.6% against RPI plus 4% of 8.1% (2016: 16.6% against 12 month RPI + 4% of 6.5%).

We also have an investment in a fund of funds managed by UBS. We plan to let this investment run its natural course, with the expected termination date currently 2020-23. This is now in its twelfth year and in 2017 produced a net distribution of £235k (2016: £143k). The market valuation decreased by £277k from £1,193k (2016) to 916k.

Investment policy

The investments are maintained for current, future and ex-seafarers' needs. The investment policy balances the need for capital protection with the desire to secure investment returns. With the demographics information available and an overview of funds held within other maritime organisations, the General Council has chosen to reduce Seafarers UK funds over the medium term as part of the charity's agreed reserves policy. The investment managers are allowed to use derivatives for protection purposes, after prior approval from the Finance and Investment Committee.

The investment portfolio is managed on our behalf by professional Investment Managers, who are set targets to utilise their professional expertise. The Finance and Investment Committee take an overview of the total impact and individual portfolio performances. Investment managers report and discuss actual performances at each Finance and Investment Committee; this is conveyed to each General Council.

Seafarers UK promotes the health of seafarers and does not invest in any company which derives 10% or more of their income from tobacco products.

The investment portfolio also includes rental properties. These are residential flats at 7 Hatherley Street and an office on the ground floor. All properties are let through agents and all residential are currently occupied, the office is currently vacant. The rental income received in 2017 was £96k, which was £4k (4.4%) higher than 2016.

Reserves Policy

The level of Reserves is directly linked to the charity's expected income and necessary charitable expenditure. Reserves are maintained to ensure the continuance of operations in the event of an unforeseen shortfall in income, increase in costs or unexpected expenditure. The Trustees seek to establish a sufficient level of designated and unrestricted reserves to generate investment income



sufficient to deliver our objectives and to continue providing funding to beneficiary organisations supporting seafarers.

The level of reserves held has been informed by the Maritime Charities Group's demographic profile work around the future size, shape and needs of the UK's maritime sector¹.

The charity's reserves are primarily held in investments valued at £39,188k. The income earned on these investments provides a significant additional income stream for the charity that is expended in support of charitable activities. This approach provides a planned investment return that reduces reliance on other forms of unpredictable voluntary income such as legacies and voluntary donations, as well as other planned fundraising activities.

At 31 December 2017 the total amount of reserves held was £40,845k. This amount includes: Total Permanent Endowed Funds of £7,007k. These endowed funds are invested with the consequent income being restricted to supporting the original endowment purposes. A reserve for tangible fixed assets (represented by the Head Office and income generating rental property) has been set aside in a Property Revaluation Reserve valued at £2,790k. In addition, Restricted Funds of £1,111k are maintained in accordance with the purposes specified by the donors. These funds are excluded from the calculation of unrestricted reserves.

The Trustees have decided to designate reserves of £27,211k to provide income for longer-term charitable objects. This amount is considered to be sufficient to cover the cost of the charity's operations and grant-making at c£2m per annum (plus RPI) for at least 25 years, and will be reviewed on an annual basis. In addition, there are unrestricted free reserves of £2,726k. This amount

is maintained to meet any unexpected expenditure.

Any excess of charitable expenditure over income is met by the Trustees agreeing a drawdown of reserves, providing that the value of investments is not so depleted that the ability to generate adequate income is affected. At this time, and having regard to the reducing beneficiary community as identified by the MCG demographic research (but being mindful of increasing levels of need from longer living), it is intended to reduce designated reserves by c. £600k per annum.

The reserves policy is reviewed by Trustees annually. The actual level of reserves, and particularly designated reserves, is also reviewed on an annual basis to ensure they are appropriate and relevant to support the charity's present plans. Seafarers UK will expect beneficiary charities with significant reserves of their own to state a not dissimilar policy, having regard to their own likely future beneficiary requirement.

Cash reserves

Cash reserves are held for immediate cash requirements, i.e. grants payable plus a minimum of eight weeks for other expenditure. As at 31st December 2017 our grants payable were £1,906k and eight weeks' average expenditure is £338k, a total of £2,244k. Our cash held was £1,676k, a shortfall of £568k. This is due to project grants being authorised and accruals for income made. The current shortfall is within our acceptable tolerances, with over half of the grants being paid in quarterly instalments during 2018. Trustees and senior staff are content with the current shortfall. In 2016 cash held was £1,733k with grants payable at £1,804k and eight weeks average expenditure was £308k.

¹Navigating Change: A Review of the UK Maritime Welfare Charity Sector, October 2017

Statement of Financial Activities

for the year ended 31 December 2017

Income & endowments	Note	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	2017 Total Funds (£'000)	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	2016 Total Funds (£'000)
Donations	2	1,448	1,356	-	2,804	1,111	371	8	1,490
Earned from other activities	3	355	40	-	395	318	44	-	362
Investment income	4	681	230	-	911	812	139	-	951
Earned from charitable activities	5	29	-	-	29	30	-	-	30
Total income		2,513	1,626	0	4,139	2,271	554	8	2,833
Expenditure									
Cost of raising funds									
Costs of generating donations	6	524	-	-	524	482	-	-	482
Costs of generating income from other activities	7	265	39	-	304	311	39	-	350
Investment management costs	8	286	19	110	415	246	69	91	406
Total cost of raising funds		1,075	58	110	1,243	1,039	108	91	1,238
Expenditure on charitable activities									
Individual regular welfare grants	9	178	6	-	184	224	29	-	253
Port based welfare services	9	409	136	-	545	695	79	-	774
Health and care services	9	216	32	-	248	120	53	-	173
Hardship and poverty grants	9	245	21	-	266	75	73	-	148
Welfare support services	9	308	55	-	363	224	31	-	255
Maritime education and training	9	344	233	-	577	447	93	-	540
Children and youth welfare	9	197	106	-	303	241	111	-	352
Advice and information services	9	450	4	-	454	506	16	-	522
Accommodation and supported housing	9	560	718	-	1,278	310	11	-	321
Research	9	-	265	-	265	-	-	-	-
Returned grants	9	(87)	-	-	(87)	-	-	-	-
		2,820	1,576	-	4,396	2,842	496	-	3,338
Total Expenditure		3,895	1,634	110	5,639	3,881	604	91	4,576
Net Expenditure before transfers and other gains and losses		(1,382)	(8)	(110)	(1,500)	(1,610)	(50)	(83)	(1,743)
Transfers between funds		-	130	(130)	-	-	-	-	-
Other recognised gains and losses									
Realised (Loss)/Gains	14	(2,309)	42	(442)	(2,708)	(100)	(101)	(37)	(238)
Unrealised Gains/(Loss)	14	4,268	(78)	817	5,006	3,582	41	667	4,290
Net Gains on investment assets		1,959	(36)	375	2,298	3,482	(60)	630	4,052
Net movement in funds		577	86	135	798	1,872	(110)	547	2,309
Reconciliation of Funds									
Total funds brought forward		32,150	1,025	6,872	40,047	30,278	1,135	6,325	37,738
Total funds carried forward		32,727	1,111	7,007	40,845	32,150	1,025	6,872	40,047

The above results relate wholly to continuing activities.

Balance Sheet

as at 31 December 2017

	Note	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	2017 Total Funds (£'000)	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	2016 Total Funds (£'000)
Fixed assets									
Tangible assets	13	1,298	-	-	1,298	1,320	-	-	1,320
Investments	14	31,070	1,111	7,007	39,188	30,822	1,025	6,872	38,719
Total fixed assets		32,368	1,111	7,007	40,486	32,142	1,025	6,872	40,039
Current assets									
Debtors and prepayments	15	1,114	-	-	1,114	398	-	-	398
Cash at bank and in hand		1,676	-	-	1,676	1,733	-	-	1,733
Total current assets		2,790	-	-	2,790	2,131	-	-	2,131
Creditors: Amount falling due within one year	16	(2,431)	-	-	(2,431)	(2,123)	-	-	(2,123)
Net current assets		359	-	-	359	8	-	-	8
Net assets		32,727	1,111	7,007	40,845	32,150	1,025	6,872	40,047
Unrestricted General Funds		2,726	-	-	2,726	2,149	-	-	2,149
Designated Reserves		27,211	-	-	27,211	27,211	-	-	27,211
Property Revaluation Reserve		2,790	-	-	2,790	2,790	-	-	2,790
Restricted Funds		-	1,111	-	1,111	-	1,025	-	1,025
Total Permanently Endowed Funds		-	-	7,007	7,007	-	-	6,872	6,872
Total Funds as at 31 December	17	32,727	1,111	7,007	40,845	32,150	1,025	6,872	40,047

The financial statements set out on pages 21 to 35 were approved by the General Council on the 26 April 2018 and signed on its behalf by:

Vice Admiral P. Wilkinson
Chairman

D Bain
Chairman, Finance and
Investment Committee

Cdre. B.W. Bryant
Director General

Cash Flow Statement

for the year ended 31 December 2017

	Note below	2017 (£'000)	2016 (£'000)
Net cash outflow from operating activities	1	(2,796)	(3,304)
Returns on investment and servicing of finance	2	911	951
Capital expenditure and financial investments	3	1,828	1,057
(Decrease)/Increase in cash in the year		(57)	(1,296)
Cash at bank and in hand at 1st January		1,733	3,029
Cash at bank and in hand at 31st December		1,676	1,733
Decrease/Increase in cash in the year		(57)	(1,296)
1. Reconciliation of net expenditure from operating activities			
Net expenditure		(1,500)	(1,743)
Dividend income		(656)	(708)
Interest receivable		(160)	(151)
Rental income		(95)	(92)
Depreciation – fixed assets		22	26
(Increase)/decrease in debtors and prepayments		(716)	8
increase/(decrease in creditors)		308	(644)
Net cash outflow from operating activities		(2,796)	(3,304)
2. Returns on investments			
Dividend income received		656	708
Interest received		160	151
Rental income received		95	92
Net cash inflow from returns on investments		911	951
3. Capital expenditure and financial investments			
Purchase of tangible fixed assets		(1)	(7)
Purchase of fixed asset investments		(9,685)	(9,598)
Sale of fixed asset investments		11,514	10,662
Net cash inflow from capital expenditure		1,828	1,057

Notes to the accounts

for the year ended 31 December 2017

1	Accounting Policies	11	Information regarding employees and Trustees
2	Donations and legacies	12	Pension
3	Activities for generating income	13	Tangible assets
4	Investments income	14	Investment analysis
5	Charitable activities	15	Debtors and prepayments
6	Costs of donations and legacies	16	Creditors falling due within one year
7	Costs of activities for generating funds	17	Total Funds
8	Costs of managing investments	18	Subsidiary undertaking
9	Charitable activities	19	Related parties
10	Governance costs	20	Assistance to other organisations

1. Accounting Policies

A Basis of accounting

The financial statements have been prepared in accordance with the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice FRS 102 in accordance with the Charities Act 2011, with applicable Accounting Standards and the other relevant legislative requirements.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of freehold properties and investments to market value.

B Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the objects of the Fund in accordance with its Royal Charter.

Restricted funds can be used only in accordance with the charitable objects specified in each fund's establishing constitution. The purpose of each restricted fund is set out in the notes to the financial statements. The costs of administering these funds are charged to each restricted fund.

Endowment funds can only be used in accordance with the charitable objectives specified in each fund's establishing constitution. Any gains or losses arising from the portfolio are included in each endowment fund. Income raised through investment is reflected in a corresponding restricted fund where required. The purpose of each endowment fund is set out in the notes to the financial statements.

C Income

All income is included in the Statement of Financial

Activities ("SOFA") when the Fund is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Fund being notified of an impending distribution where the amount is quantifiable, or the legacy being received.

Donated goods and services are included at the value to the Fund, where material and the value can be quantified and a third party is bearing the cost. No amounts are included for services donated by volunteers.

In common with many other charities of similar size and organisation, a proportion of voluntary income is derived from events and flag days which cannot be fully controlled until it is received. The General Council and management make every effort to ensure that all such sums are properly accounted for and in their opinion, this does not constitute a significant uncertainty in the preparation of the accounts.

D Expenditure

All expenditure is accounted for on an accruals basis and classified under headings that aggregate all costs related to the category. Where expenditure cannot be directly attributed to a particular category they are allocated to activities on a basis consistent with the use of the expenditure. Premises overheads are allocated by reference to space utilisation and other overheads on the basis of staff numbers.

- i Costs of raising funds are those costs incurred in seeking donations, legacies, generating funds and investments.

**Notes to the accounts (continued)**

for the year ended 31 December 2017

1. Accounting Policies (continued)**ii Charitable activities**

This includes all expenditure (including grants which are recognised as a liability once the relevant committee has authorised payments) directly related to the objects of the Fund and comprises the following:

- Individual regular welfare grants
- Port based welfare services
- Health and care services
- Hardship and poverty grants
- Welfare support services
- Maritime education and training
- Children and youth welfare
- Advice and information services
- Accommodation and supported housing

iii Support costs

Support costs represent the staffing and associated costs of governance, finance and general administration. These include the costs of governance, which relate to the statutory compliance and strategic running of Seafarers UK (King George's Fund for Sailors) as opposed to the direct management functions inherent in generating funds, improving efficiency within the maritime sector and administering the grants.

This includes such items as internal and external audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

The costs are allocated to charitable activities and fundraising activities in proportion to the respective time spent, number of staff employed or space occupied depending upon which method of allocation is most appropriate to the cost.

E Fixed Assets and Depreciation

All assets costing more than £1,000 are capitalised and included at valuation plus any incidental expenses of acquisition. Property is re-valued every five years. Other fixed assets are valued at cost. Depreciation is provided on all fixed assets, from the day of acquisition, at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Freehold Buildings	2%
Fixtures and Fittings	10%
Computer Equipment	20%
Office Equipment	15%

Freehold land is not depreciated.

F Investments

UK freehold land and buildings held as an investment are included in the accounts on the basis of professional valuations made every four years. Investment freehold plots of land held in the Bahamas are stated at valuation (on the basis of local real estate agents). Other investments are stated at market value at 31 December. Unlisted investments are held at the most recent valuation available.

The SOFA includes the net gains and losses arising on revaluations and disposals during the year.

G Pension

The Fund operates a defined contribution scheme with Aviva PLC. Participating staff are required to contribute a minimum of 5% of basic salary to which the Fund will contribute a further 7.5% of their basic salaries plus an amount equivalent to the reduced liability of Employer's National Insurance. Contributions are recognised in the SOFA, in the year they were incurred.

Notes to the accounts (continued)

for the year ended 31 December 2017

INCOME

2. Donations

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Donations	401	1,355	-	1,756	228	365	8	601
Legacies	1,047	1	-	1,048	883	6	-	889
	1,448	1,356	-	2,804	1,111	371	8	1,490

3. Earned from other activities

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Events	347	-	-	347	299	15	-	314
Corporate Sponsorships	8	40	-	48	18	29	-	47
Trading	-	-	-	-	1	-	-	1
	355	40	-	395	318	44	-	362

4. Investment Income

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Dividends	491	165	-	656	605	103	-	708
Interest	119	41	-	160	129	22	-	151
Rental income	71	24	-	95	78	14	-	92
	681	230	-	911	812	139	-	951

5. Earned from charitable activities

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Re-charges to other organisations	29	-	-	29	30	-	-	30
	29	-	-	29	30	-	-	30

Income from Charitable Activities is charges to unrelated organisations who contribute to the Maritime Charity Sector; the re-charges are for Grant, Financial and Human Resources services and expenses incurred on their behalf.

Notes to the accounts (continued)

for the year ended 31 December 2017

RESOURCES EXPENDED**Cost of raising funds****6. Costs of generating donations**

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Donations	459	-	-	459	408	-	-	408
Legacies	65	-	-	65	74	-	-	74
	524	-	-	524	482	-	-	482
Support & Governance costs included in above figures				173				163

7. Costs of generating income from other activities

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Events	265	39	-	304	356	25	-	350
	265	39	-	304	356	25	-	350
Support & Governance costs included in above figures				57				53

8. Investment management costs

	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2017 (£'000)	Unrestricted (£'000)	Restricted (£'000)	Endowed (£'000)	2016 (£'000)
Cost of maintaining rental properties	21	1	1	23	17	1	5	23
Investment managers' fees	265	18	109	392	276	16	91	383
	286	19	110	415	293	17	96	406
Support & Governance costs included in above figures				25				25

9. Expenditure on charitable activities

2017	Financial grants (£'000)	Campaigns, communications and events (£'000)	Assistance to other organisations (£'000)	Grants administration (£'000)	Support costs (£'000)	Total 2017 (£'000)
Individual regular welfare grants	89	45	18	11	21	184
Port based welfare services	432	42	22	17	32	545
Health and care services	166	45	18	7	12	248
Hardship and poverty grants	182	45	18	7	14	266
Welfare support services	269	45	18	11	20	363
Maritime education and training	462	45	18	18	34	577
Children and youth welfare	215	45	18	9	16	303
Advice and information services	351	45	18	14	26	454
Accommodation and supported housing	1,093	45	18	42	80	1,278
Research projects	265	-	-	-	-	265
Returned Grants	(87)	-	-	-	-	(87)
Total charitable activities	3,437	402	166	136	255	4,396

2016	Financial grants (£'000)	Campaigns, communications and events (£'000)	Assistance to other organisations (£'000)	Grants administration (£'000)	Support costs (£'000)	Total 2016 (£'000)
Individual regular welfare grants	179	41	8	9	16	253
Port based welfare services	643	41	10	25	55	774
Health and care services	111	41	8	4	9	173
Hardship and poverty grants	88	41	8	3	8	148
Welfare support services	183	41	8	7	16	255
Maritime education and training	437	41	8	17	37	540
Children and youth welfare	269	41	8	11	23	352
Advice and information services	420	41	8	17	36	522
Accommodation and supported housing	243	41	8	9	20	321
Research projects	-	-	-	-	-	-
Returned Grants	-	-	-	-	-	-
Total charitable activities	2,573	369	74	102	220	3,338

	2017 (£'000)	2016 (£'000)
Support costs included in charitable activities		
Staff costs	65	45
Governance costs	138	141
Other costs	52	34
Total support & governance costs for charitable activities	255	220

Notes to the accounts (continued)
for the year ended 31 December 2017

10. Governance Costs

	2017 (£'000)	2016 (£'000)
Auditor's remuneration for audit services *	24	24
Annual Meeting	13	10
Trustee expenses	3	2
Staff support costs	89	94
Other support costs	41	43
Re-allocated to support costs	(170)	(173)
	-	-

* No non-audit fees were incurred or paid to KPMG LLP during 2016 or 2017. Support costs include Annual Report, Meetings for Trustees, staff time and overheads.

11. Information regarding employees and Trustees

	2017	2016
Number of full time equivalent employees during the year :	FTE	FTE
Generating charitable income	10	10
Charitable activities	10	8
	20	18
Staff costs comprise:	(£'000)	(£'000)
Wages & Salaries	951	802
Social Security	89	76
Money purchase pension scheme contributions	72	54
Other Benefits	19	18
	1,131	950
Seafarers UK contributes to personal pension plans through Aviva.		
The number of employees paid over £60,000 during the year (salary plus taxable benefits, excluding employer pensions contributions, National Insurance & redundancy payments was:		
	2017 (£'000)	2016 (£'000)
£60,000 to £69,999	3	2
£70,000 to £79,999	1	-
£80,000 to £89,999	-	-
£90,000 to £99,999	1	1

All five employees earning more than £60,000 participate in the Personal Pension Plan. The contributions were £9,215, £5,672, £5,588, £5,579 and £5,058 from highest to lowest paid respectively (2016 contributions were £6,979, £5,017 and £4,865).

The Trustees neither received nor waived any emoluments during the year (2016 : nil). Trustees are entitled to reimbursement of expenses incurred on Fund business and expenses of £2,808 were paid to seven trustees (2016 £1,204 paid to five trustees), mainly travel expenses.

A further £1,095 was spent on training (2016 : £1,095), £666 on magazine subscriptions (2016 : £666), and Insurance Indemnity fees paid by Seafarers UK were £750 (2016:£750).

12. Pension

Seafarers UK operates a defined contribution scheme for all employees. The assets of the scheme are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by Seafarers UK was £72k (2016 : £54k). The increase is due to more staff joining the scheme after auto enrolment.

13. Tangible Assets

	Freehold Land and Buildings (£'000)	Fixtures Fittings & Equipment (£'000)	Total (£'000)
Cost or valuation at 1st January	1,325	155	1,480
Additions at cost	-	1	1
Less disposals	-	(1)	(1)
Cost or valuation at 31st December	1,325	155	1,480
Accumulated depreciation at 1st January	47	113	160
Charge for the year	12	10	22
Less : Eliminated on disposals	-	-	-
Accumulated depreciation at 31st December	59	123	182
Net book value at 31st December 2017	1,266	32	1,298
Net book value at 31st December 2016	1,278	42	1,320

All of the above fixed assets are held for charitable use.

The above freehold land and buildings are 8 Hatherley Street, London, occupied and carrying out the operations of the Fund. All properties were revalued as at 31 December 2012 by Third Sector Properties, using the Royal Institute of Chartered Surveyors appraisal valuation. The original historical cost was £456,000.

Notes to the accounts (continued)

for the year ended 31 December 2017

14. Investments

	2017 £'000)	2016 (£'000)
Market Value at 1st January	38,719	35,731
Additions at Cost	9,685	9,598
Sales at Book Value	(11,514)	(10,662)
Change in Market Value of Non Property Investments	2,298	4,052
Market Value at 31st December	39,188	38,719
Historical Cost Value at 31st December	31,798	32,575

Analysis of Market Value at 31st December	2017		2016	
	(£'000)	(%)	(£'000)	(%)
Interest bearing stocks and deposits				
UK stocks	7,816	19.9	8,674	22.4
Non UK stocks	2,900	7.4	2,841	7.3
Deposits	2,256	5.7	2,744	7.1
Total interest bearing stocks and deposits	12,972	33.0	14,259	36.8
Equities				
UK	3,083	7.9	4,197	10.8
Overseas	20,993	53.6	18,123	46.8
Total equities	24,076	61.5	22,320	57.6
Freehold land and buildings at valuation	2,140	5.5	2,140	5.6
Total Investments	39,188	100.0	38,719	100.0

There were no individual holdings of investments which exceeded 5% of the total market value of investments at 31st December 2017 (2016:nil).

Freehold Land and Buildings includes flats held for investment purposes at 7 Hatherley Street which were valued in 2012 at £1.895 million by Third Sector Properties, Chartered Surveyors, using the RICS appraisal and valuation manual. In 2013 an increased valuation is based on Office for National Statistics average increase for the locality. The investment Property in the Bahamas was revalued as at 31st December 2008 at £47,647 and the management are not aware of any material changes since the last valuation.

15. Debtors and Prepayments

	2017 £'000)	2016 (£'000)
Debtors	69	56
Prepayments	60	67
Amount due from subsidiary undertaking	50	-
Accrued income	935	275
	1,114	398

Notes to the accounts

for the year ended 31 December 2017

16. Creditors Falling Due Within One Year

	2017 (£'000)	2016 (£'000)
Grants payable	1,906	1,840
Accruals	340	130
Trade creditors	88	39
Staff costs creditors	91	34
Prepaid event income	5	60
Amount due to subsidiary undertaking	1	20
	2,431	2,123

17. Total Funds

	Balance 01.01.17 (£'000)	Income (£'000)	Gains/losses expenditure and transfers (£'000)	Balance 31.12.17 (£'000)
Unrestricted General Funds	2,149	2,513	(1,936)	2,726
Designated Funds				
Individual regular welfare grants	2,536	-	-	2,536
Port based welfare services	5,946	-	-	5,946
Health and care services	1,703	-	-	1,703
Hardship and poverty grants	1,163	-	-	1,163
Welfare support services	1,936	-	-	1,936
Maritime education and training	3,770	-	-	3,770
Children and youth welfare	2,631	-	-	2,631
Advice and information services	4,012	-	-	4,012
Accommodation and supported housing	3,514	-	-	3,514
Property revaluation reserve	2,790	-	-	2,790
Unrestricted Funds	32,150	2,513	(1,936)	32,727

Restricted Funds

Royal Naval Officers' Fund	532	50	(129)	453
van de Kastele Fund (transferred from Endowments)	-	11	118	129
Beryl Joyce Threadkell Legacy	67	4	(7)	64
Sheila Constance Woods Legacy	341	23	(8)	356
Centenary	-	207	(207)	-
Aged Veterans Fund	-	945	(945)	-
Merchant Navy Fund	85	94	(70)	109
Restricted to Scotland	-	81	(81)	-
Event Sponsorship	-	40	(40)	-
Projects	-	18	(18)	-
	1,025	1,473	(1,387)	1,111

17. Total Funds (continued)

	Balance 01.01.17 (£'000)	Incoming Resources (£'000)	Gains/losses expenditure and transfers (£'000)	Balance 31.12.17 (£'000)
Restricted income/(expenditure) from permanently endowed funds				
Endowed general purposes	-	21	(21)	-
Inglis Fund	-	19	(19)	-
Merchant Navy South Africa Scholarship Scheme	-	5	(5)	-
Royal Navy War Libraries Endowment Fund	-	5	(5)	-
South African Women's Auxiliary Service	-	10	(10)	-
Arthur T. Jeffress Fund	-	68	(68)	-
David Richards Trust	-	20	(20)	-
Henry Herbert Wills Fund	-	5	(5)	-
Total Permanently Endowed Restricted Funds	-	153	(153)	-
Total Restricted Funds	1,025	1,626	(1,540)	1,111
Permanently Endowed Funds				
Endowed General Purposes	904	-	35	939
Inglis Fund	968	-	(97)	871
Merchant Navy South Africa Scholarship Scheme	226	-	9	235
Royal Navy War Libraries Endowment Fund	238	-	9	247
South African Women's Auxiliary Service	436	-	17	453
Arthur T. Jeffress Fund	2,970	-	117	3,087
David Richards Trust	881	-	35	916
Henry Herbert Wills Fund	249	-	10	259
Total Permanently Endowed Funds	6,872	-	135	7,007
Total Funds	40,047	4,139	(3,341)	40,845



The purpose of each Restricted and Endowment Fund is as follows:

Restricted Funds

Royal Naval Officers' Fund

To assist officers of the Royal Navy in need or distress.

Beryl Joyce Threadkell Legacy

Funds made available for the Felixstowe Committee.

van de Kastele Fund

For the education of children of any UK seafarer.

Sheila Constance Wood Legacy

To assist Naval Officers' Widows.

Restricted to Scotland

To assist in Scotland.

Event Sponsorship

To assist in the cost of hosting or running an event.

Merchant Navy Fund

Funds for Merchant Navy.

Trusts

Trust donations restricted as per the trust funds request.

Projects

Projects are various grants restricted as per the donor's request.

Endowment Funds

Endowed General Purposes

To relieve sickness, poverty and distress of seafarers.

Inglis Fund

Merchant Navy South Africa

Scholarship Fund

Royal Naval War Libraries Endowment Fund

South African Women's Auxiliary Service

To further the educational and future career needs of seafarers' children.

Arthur T. Jeffress Fund

David Richards Trust

Henry Herbert Wills Fund

To assist officers and men of the Royal Navy, the Merchant Navy and the fishing fleet in need or distress.

18. Subsidiary Undertaking

Seaservers Limited, incorporated in England and having an authorised share capital of £100 (issued share £2), is a wholly owned subsidiary of the Fund through which branded goods are sold and commercial events are operated. The company's financial year ends on the 31 March and profits are paid to the Fund as and when appropriate by way of Gift Aid donation. A gain of £1,459 arose in the year ended 31 March 2017 (2016, a loss of £2,273). This after charges of £250 (2016:£250) made by the Fund. There was no Gift Aid donation made in 2017 (2016:nil). During 2017, a loan of £50,000 was offered and accepted by Seaservers Limited, from Seafarers UK, to assist cash flows. As at 31 December 2017, £1,972 was owed on current account to Seaservers Limited (2016:£20,436).

The accounts of Seaservers Limited have not been consolidated into these financial statements on the grounds of immateriality. A summary of the unaudited results of Seaservers Limited for the year ended 31 March 2017 is shown below; the Company is entitled to exemption from statutory audit under section 249 of the Companies Act 2006.

Profit and Loss Account	2017 (£'000)	2016 (£'000)
Turnover	44	50
Cost of Sales and administration expenses	43	52
Profit/(loss) on activities before Gift Aid	1	(2)
Gift Aid Payment	0	0
Retained Profit for the year	0	0
Summarised Balance Sheet at 31 March 2017		
Current assets	6	5
Net assets	6	5

19. Related Parties

Some members of the General Council are trustees of charities to which the Fund makes grants. The Grants Committee's procedures require all such interests to be declared and for these members to abstain from voting. Within the General Council no single member exercises control or influence over any particular grant approval.

Seaservers Limited is the trading subsidiary of Seafarers UK, see note 18 for details of transactions between Seaservers Limited and Seafarers UK.

20. Assistance to other organisations

The fund assisted several organisations with grant, financial and Human Resources administration; in 2017 the fund assisted Annual National Service for Seafarers (ANSS), Cobseo, Maritime Charities Group (MCG), Association of Drop-In Centres (ASDIC) and Seavision. These have been recharged below cost and are shown within Charitable Activities on Page 26 (note 5).

Independent auditor's report to the Trustees of Seafarers UK (King George's Fund for Sailors)

Opinion

We have audited the financial statements of Seafarers UK (King George's Fund for Sailors) ("the charity") for the year ended 31 December 2017 which comprise the Statement of Financial Activity, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Royal Charter

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements

audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charity has not kept sufficient and proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 14, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with both section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations

2006. Our audit work has been undertaken so that we might state to the charity'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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.'

Ian Pennington**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

15 Canada Square

London

E14 5GL

14 May 2018

2017 Trust Supporters

Seafarers UK is very grateful to the following Trusts and Charitable Foundations for financial support during 2017:

A E H Salvesen's Charitable Trust
Ann Jane Green Trust
Bedhampton Charitable Trust
C Hoare
Catherine Cookson Charitable Trust
G.M. Morrison Charitable Trust
Gladys Jane Wightwick Charitable Trust
Green Hall Foundation
Hasluck Charitable Trust
Joseph Strong Frazer Trust
Liverpool Charity and Voluntary Services
Lord Leverhulme's Charitable Trust
Martin Charitable Trust
Masonic Charitable Foundation
Miss Agnes Anderson Trust
Mrs Maud Van Norden's Charitable Foundation
PF Charitable Trust
Robert Barr Charitable Trust
Schroder Charity Trust
Sir James Knott Trust
Sir Jeremiah Colman Gift Trust
Swire Charitable Trust
The 1989 Willan Charitable Trust
The 29th May 1961 Charitable Trust
The Annie Tranmer Charitable Trust
The Anson Charitable Trust
The Broughton Charitable Trust
The Bryan Christopher Corrigan Charitable Trust
The Castanea Trust
The Chancellor using LIBOR funds
The Charles Littlewood Hill Trust
The Charles Wolfson Charitable Trust
The Charlotte Heber-Percy Charitable Trust
The Duffield (Tiverton) Charitable Trust
The Edith Lilian Harrison 2000 Foundation
The Edith Murphy Foundation
The Elaine Barratt Charitable Trust
The Elizabeth and Prince Zaiger Trust
The Florence Turner Trust
The Forces Trust (formerly Mrs M H Allen Trust)
The Fort Foundation
The Fuellers Charitable Trust Fund

The Gerald Bentall Charitable Trust
The Gosling Foundation
The Horace Moore Charitable Trust
The Iliffe Family Charitable Trust
The Inman Charity
The Johnson Foundation
The Laurence Misener Charitable Trust
The Martin Connell Charitable Trust
The Misses Barrie Charitable Trust
The Oakley Charitable Trust
The Order of Saint Joachim Charitable Trust
The Patricia and Donald Shepherd Charitable Trust
The Patron's Fund
The Payne-Gallwey Charitable Trust
The Pennycress Trust
The Phillips Charitable Trust
The Privy Purse Charitable Trust
The Reece Foundation
The Royal Edinburgh Military Tattoo
The Stock Exchange Veterans Charity Association
The Sydney Black Charitable Trust
The Thomas Lilley Memorial Trust
The Verdon-Smith Family Charitable Trust
The W. M. Mann Foundation
The Watson Trust
The West Hall Charitable Fund
William Allen Young Charitable Trust






Seafarers UK has been helping people in the maritime community for over 100 years, by providing vital support to seafarers in need and their families, and to those in education or training who are preparing to work or serve at sea. We do this by giving grants to organisations and projects that make a real difference to people's lives, across the Merchant Navy, Fishing Fleets, Royal Navy and Royal Marines.



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