

Adventure Under Sail

(A company limited by guarantee)

Annual Report and Financial Statements Year Ended 30 April 2019

Company registration number: 06569266

Charity registration number: 1124276

Adventure Under Sail

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Reference and Administrative Details

Trustees	K Heenan S Thorrington J Dover (appointed 18 October 2019) J Nicklen (appointed 18 October 2019) S Williams (appointed 18 October 2019)
Secretary	Miss K Heenan
Senior Management Team	A Ragbourne, Chief Executive Officer R Robson, Operations Manager (until September 2018)
Principal and Registered Office	Sharpness Shipyard & Drydock Sharpness Berkeley Gloucester GL13 9UD
Company Registration Number	06569266
Charity Registration Number	1124276
Bankers	The Co-operative Bank Central Commercial Branch PO Box 250, Skelmerdale WN8 6WT
Independent Examiners	PKF Francis Clark Chartered Accountants Towngate House 2 - 8 Parkstone Road Poole Dorset BH15 2PW

Adventure Under Sail

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 30 April 2019.



Objectives and Activities

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

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

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

Ensuring our work delivers our aims

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

Achievements and Performance

The Charity's objectives for this year were to:

- Work with other charities, local authorities and educational establishment who work with young people from socially excluded backgrounds to develop the educational experience offered.

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Trustees' Report

- Identify a winter voyage opportunity with the Pelican sailing in warmer climates with young people, so that the ship is achieving its charitable objectives for most of the year. This will not only maintain the ship in better condition under use, but will also deliver a more consistent revenue stream.
- Promote the ship to new audiences.
- Work in partnership with other organisations promoting adventure, sail-related, environmental and educational activities.

Recognising the charities key objectives, we identified opportunities for TS Pelican to work in the Irish Sea focusing on activities with partners in Liverpool, Belfast and Dublin. With a significantly larger population, higher level of deprivation and unemployment, the opportunity to operate voyages has improved. In addition, the support we have received from the main ports and cities has been extremely positive and welcoming. Identifying a new home port and relocating from Weymouth are key objectives.

Having developed key partnerships with Liverpool, Dublin and Belfast and their associated youth development organisations, we continue to prioritise their voyages during the European summer months. In addition, we are developing repeatable voyage plans with key partners in both the UK and mainland Europe.

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

- Review staffing structure and focus on key objectives.
- Continuous review and improvement of the ship has led to further investment to ensure the ship's future reliability and sustainability.
- Ongoing risk assessment associated with operational matters.
- Providing bursaries for young people to sail on the T. S. Pelican of London.
- Developing new partnerships and strategic alliances with other charitable organisations who work with young people, particularly those who come from socially excluded backgrounds, and to offer educational programmes which best respond to their life situations.
- Continuous improvement of our relationship with the MCA and our certification process with an associated improvement in the long-term maintenance plan.

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

Between May 2018 and April 2019 over 430 young people, of which over 25% had special needs, sailed on 18 voyages with the Pelican, including a 6 month transatlantic adventure. These were all trainees on a mixture of sponsored and non-sponsored voyages. The introduction of our continuous improvement programme meant that reliability improved significantly. We picked up a fishing line off Brest in April, which became wrapped inside the stern tube; but the relationship with Sharpness Shipyard and Drydock meant that we only came out of the water for 6 days, completed an out of water survey with the MCA and renewed the anti-foul scheme within the process thus maximising the time out of water.

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Trustees' Report



Our relationship with Ocean College has developed positively. We took 30 Ocean College students and 4 teachers on a 6 month transatlantic adventure between October 2018 and April 2019. Despite the numerous challenges a voyage like this presents, it was a great success with really positive outcomes. As a result, we have now built a long-term collaboration with Ocean College to deliver these voyages annually (The 2019/20 College voyage is currently underway and we are currently planning the 2020/21 voyage) and identifying opportunities for working together during the European summer.

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Within this year we have built a positive reputation within the sail training industry for reliability, professionalism and consistent delivery of a comprehensive sail training programme. Month on month we are receiving more enquiries about delivering sail training programme, and our winter programme with Ocean College has delivered a significant ongoing positive profile.

Public Benefit

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

Plans for future periods

Primarily, our plans for 2019-20 are to continue with our established partners, especially Ocean College and Sail Training Ireland, building up wholesale voyages around the Irish Sea in the summer and a winter programme between October and April.

Financially, our target is to reduce the reliance on donations and increase the value of chartered voyages, sponsorship and grants. We have implemented a planned maintenance system which has led to a more reliable ship, which, although leading to increases in initial costs, now provides a base point for ongoing maintenance planning and reliability.

The charity base was relocated in September 2018 to Sharpness Shipyard, further reducing people costs and overheads. This move consolidates our relationship with Sharpness Shipyard as our preferred Mechanical and Electrical partner and strategic partner for ongoing maintenance.

A priority for the forthcoming year is to pre-book voyages further with strategic partners. The programme for 2020/21 is mainly agreed and already significantly booked by partners and committed groups.

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Trustees' Report

Structure, governance and management

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 14 April 2004 and registered as a charity on 31 May 2008. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. The liability of the directors is limited.

Organisational structure

The trust is managed by the Chief Executive in accordance with the policies set out by the trustees. In matters of seamanship and vessel safety the master in command of the vessel has the ultimate decision-making authority having due regard to the standard operating procedures laid down by the charity. The charity is a member of the Association of Sail Training Organisations and Sail Training International.

Recruitment and appointment of trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as directors. Under the requirement of the Memorandum and Articles of Association there is no term provided for the length of time for which trustees are elected to serve. This is an area that will be reviewed by the current trustee board. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts. The board now has five trustees following the appointment of three new trustees in October 2019.

Induction and training of trustees

A Trustee Induction Pack has been prepared summarising a trustee's duties along with the history, operating methods, staffing structure and finances of the trust. All new trustees are invited to meet with the Chairman and Chief Executive to discuss the role and the organisation.

Financial review

During this financial year the charity committed once again over £100k to expenditure on repairs and improvements to TS Pelican including the renewal of the Stern tube Seals, a number of mechanical components, navigational aids, sails, and associated M&E systems within the ship. The ship is in a far better state of repair in May 2019 than she was in 2018 and will continue to improve. This contributed to a deficit of income over expenditure during the year of £102,561. This deficit has been accommodated through an interest free loan of £200,000 which is being repaid over time. As we move towards alternative self-sustaining funding streams to support a robust voyage programme whilst maintaining the ship in good condition, this loan and the improvements and repairs it has funded means that the ship's performance and reliability continue to improve to enable it to operate all year round.

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

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Trustees' Report

Reserves Policy

The board has examined the charity's requirement for reserves in the light of the main risks to the organisation. It has established a policy whereby unrestricted funds not committed or invested in tangible fixed assets held by the charity should be the equivalent of two months' projected income. Our projected income for the 2019/20 year is around £780,000 and therefore the target is £130,000 in general funds. The purpose of the reserves is to keep the charity in operation should there be a shortfall in the targeted income. The total of unrestricted reserves at the year-end was £712,737 (2018 £813,648). The total free reserves at the year-end were £179,851 (2017 £112,650).

Risk Management

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

Independent Examiners

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

The annual report was approved by the trustees of the charity on 10 January 2020 and signed on its behalf by:

S Thorington
Trustee

Adventure Under Sail

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Small company provisions

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

Approved by the trustees of the charity on 10 January 2020 and signed on its behalf by:

S Thorrington
Trustee

Adventure Under Sail

Independent Examiner's Report

I report to the charity trustees on my examination of the accounts of the Company for the year ended 30 April 2019.

Responsibilities and basis of report

As trustees of the Charitable Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Charitable Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

In common with other charities, there is a degree of uncertainty regarding the financial outcome of future years. As stated in the going concern note on page 14 the charity is heavily reliant on the financial support of a benefactor whose written support has been obtained, we understand from the Trustees that they have every reason to believe that this support will continue.

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the ACCA, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

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Independent Examiner's Report

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Michelle Love FCCA (a Director of) PKF Francis Clark

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

14 January 2020

Adventure Under Sail

Statement of Financial Activities for the Year Ended 30 April 2019 (Including Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
Income and Endowments from:				
Donations and legacies	2	327,868	3,224	331,092
Charitable activities	3	378,665	-	378,665
Investment income	4	25	-	25
Total Income		<u>706,558</u>	<u>3,224</u>	<u>709,782</u>
Expenditure on:				
Charitable activities	5	<u>(807,469)</u>	<u>(4,874)</u>	<u>(812,343)</u>
Total Expenditure		<u>(807,469)</u>	<u>(4,874)</u>	<u>(812,343)</u>
Net expenditure		<u>(100,911)</u>	<u>(1,650)</u>	<u>(102,561)</u>
Net movement in funds		(100,911)	(1,650)	(102,561)
Reconciliation of funds				
Total funds brought forward		<u>813,648</u>	<u>3,939</u>	<u>817,587</u>
Total funds carried forward	17	<u><u>712,737</u></u>	<u><u>2,289</u></u>	<u><u>715,026</u></u>

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Statement of Financial Activities for the Year Ended 30 April 2019 (Including Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £
Income and Endowments from:				
Donations and legacies	2	357,313	-	357,313
Charitable activities	3	83,285	-	83,285
Investment income	4	148	-	148
Total Income		<u>440,746</u>	<u>-</u>	<u>440,746</u>
Expenditure on:				
Charitable activities	5	<u>(579,256)</u>	<u>-</u>	<u>(579,256)</u>
Total Expenditure		<u>(579,256)</u>	<u>-</u>	<u>(579,256)</u>
Net expenditure		<u>(138,510)</u>	<u>-</u>	<u>(138,510)</u>
Net movement in funds		(138,510)	-	(138,510)
Reconciliation of funds				
Total funds brought forward		<u>952,158</u>	<u>3,939</u>	<u>956,097</u>
Total funds carried forward	17	<u><u>813,648</u></u>	<u><u>3,939</u></u>	<u><u>817,587</u></u>

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

The funds breakdown for 2018 is shown in note 17.

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Balance Sheet

30 April 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	892,588	926,298
Current assets			
Stocks	12	2,500	2,500
Debtors	13	50,808	17,685
Cash at bank and in hand		84,461	20,213
		<u>137,769</u>	<u>40,398</u>
Creditors: Amounts falling due within one year	14	<u>(55,331)</u>	<u>(89,109)</u>
Net current assets/(liabilities)		<u>82,438</u>	<u>(48,711)</u>
Total assets less current liabilities		975,026	877,587
Creditors: Amounts falling due after more than one year	15	<u>(260,000)</u>	<u>(60,000)</u>
Net assets		<u>715,026</u>	<u>817,587</u>
Funds of the charity:			
Restricted funds		2,289	3,939
Unrestricted income funds			
Unrestricted funds		<u>712,737</u>	<u>813,648</u>
Total funds	17	<u>715,026</u>	<u>817,587</u>

For the financial year ending 30 April 2019 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

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

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

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Balance Sheet

30 April 2019

The financial statements on pages 11 to 27 were approved by the trustees, and authorised for issue on 10 January 2020 and signed on their behalf by:

S Thorrington
Trustee

Company Registration Number: 06569266

Adventure Under Sail

Statement of Cash Flows

Year Ended 30 April 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash expenditure		(102,561)	(134,571)
Adjustments to cash flows from non-cash items			
Depreciation		34,832	32,899
Investment income	4	<u>(25)</u>	<u>(148)</u>
		(67,754)	(101,820)
Working capital adjustments			
(Increase)/decrease in debtors	13	(33,123)	15,600
(Decrease)/increase in creditors	14	(25,991)	17,436
Decrease in deferred income	15	<u>(7,787)</u>	<u>(20,516)</u>
Net cash flows from operating activities		<u>(134,655)</u>	<u>(89,300)</u>
Cash flows from investing activities			
Interest receivable and similar income	4	25	148
Purchase of tangible fixed assets	11	<u>(1,122)</u>	<u>(19,863)</u>
Net cash flows from investing activities		(1,097)	(19,715)
Cash flows from financing activities			
Loan advance	14	<u>200,000</u>	<u>60,000</u>
Net increase/(decrease) in cash and cash equivalents		64,248	(49,015)
Cash and cash equivalents at 1 May		<u>20,213</u>	<u>69,228</u>
Cash and cash equivalents at 30 April		<u><u>84,461</u></u>	<u><u>20,213</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

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Notes to the Financial Statements

Year Ended 30 April 2019

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

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

The charity constitutes a public benefit entity as defined by FRS 102.

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

Going concern

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

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

The charity is heavily reliant on donations and legacies and in particular the support from a benefactor in respect of the provision of the vessel referred to in note 16 and donations towards its running costs, particularly during the winter season. The Trustees have written confirmation that this funding will continue at a level sufficient to enable the charity to continue as a going concern.

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

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Notes to the Financial Statements

Year Ended 30 April 2019

Donations

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Charitable activities

Charitable activities income derives from the delivery of programmes and events. The charity recognises revenue from sailing programmes on the date the activity is delivered.

Expenditure

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

Charitable activities

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

Governance costs

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

Irrecoverable VAT

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

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Notes to the Financial Statements

Year Ended 30 April 2019

Taxation

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

Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

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

Asset class	Depreciation method and rate
Ship engine and equipment	10 years straight line
Tall ship	40 years straight line
Communication equipment	5 years straight line
Computer Equipment	3 years straight line

Stock

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

Trade debtors

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

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

Cash and cash equivalents

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

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

Trade creditors

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

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

Concessionary loans

Concessionary loans include those payable to third parties which are interest free or below market rates and are made to advance charitable purposes. All loans are measured at cost, less impairment.

Fund accounting

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

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

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

2 Income from donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	General £	£	£	£
Donations and legacies;				
Donations	327,868	-	327,868	357,313
Grants, including capital grants;				
Grants from companies	-	3,224	3,224	-
	<u>327,868</u>	<u>3,224</u>	<u>331,092</u>	<u>357,313</u>

3 Income from charitable activities

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Primary purpose trading	<u>378,665</u>	<u>378,665</u>	<u>83,285</u>

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

4 Investment income

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Interest receivable and similar income;			
Interest receivable on bank deposits	25	25	148

5 Expenditure on charitable activities

	Total 2019 £	Total 2018 £
Wages, salaries and subcontract	377,526	305,204
Staff NIC (Employer's)	37,243	21,077
Staff pensions	4,490	4,090
Staff training	-	79
Rent and rates	3,677	6,007
Office costs	5,463	8,121
Insurance	22,073	13,373
Repairs and renewals	68,938	67,170
Ship costs	208,750	68,467
Computer software and maintenance	2,483	2,288
Sundry expenses	1,311	2,473
Travel and subsistence	31,090	21,858
Advertising	-	3,286
Consultancy fees	-	13,033
Professional indemnity insurance	4,090	3,538
Depreciation	34,832	32,899
Bank charges	207	1,243
Governance costs (see note 6)	10,170	5,050
	<u>812,343</u>	<u>579,256</u>

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

6 Analysis of governance and support costs

Governance costs

	Unrestricted funds		
	General £	Total 2019 £	Total 2018 £
Independent examiner's fee	5,085	5,085	5,050
Independent examination fee understated in earlier years	5,085	5,085	-
	<u>10,170</u>	<u>10,170</u>	<u>5,050</u>

7 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2019 £	2018 £
Depreciation of fixed assets	34,832	32,899
Independent examiner's fee	<u>10,170</u>	<u>5,050</u>

8 Trustees remuneration and expenses

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

S Thorrington

£528 (2018: £892) of expenses were reimbursed to S Thorrington during the year.

K Heenan

£82 (2018: £Nil) of expenses were reimbursed to K Heenan during the year.

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

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

9 Staff costs

The aggregate payroll costs were as follows:

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	106,147	305,205
Social security costs	11,453	21,077
Pension costs	4,490	4,090
	<u>122,090</u>	<u>330,372</u>

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

	2019 No	2018 No
Average employees	<u>3</u>	<u>12</u>

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

The total employee benefits of the key management personnel of the charity were £71,720 (2018 - £62,494).

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

11 Tangible fixed assets

	Ship engine and equipment £	Computer Equipment £	Tall ship £	Communication equipment £	Total £
Cost					
At 1 May 2018	90,830	1,125	1,000,000	25,000	1,116,955
Additions	<u>-</u>	<u>1,122</u>	<u>-</u>	<u>-</u>	<u>1,122</u>
At 30 April 2019	<u>90,830</u>	<u>2,247</u>	<u>1,000,000</u>	<u>25,000</u>	<u>1,118,077</u>
Depreciation					
At 1 May 2018	14,907	750	150,000	25,000	190,657
Charge for the year	<u>9,083</u>	<u>749</u>	<u>25,000</u>	<u>-</u>	<u>34,832</u>
At 30 April 2019	<u>23,990</u>	<u>1,499</u>	<u>175,000</u>	<u>25,000</u>	<u>225,489</u>
Net book value					
At 30 April 2019	<u>66,840</u>	<u>748</u>	<u>825,000</u>	<u>-</u>	<u>892,588</u>
At 30 April 2018	<u>75,923</u>	<u>375</u>	<u>850,000</u>	<u>-</u>	<u>926,298</u>

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Notes to the Financial Statements

Year Ended 30 April 2019

12 Stock

	2019 £	2018 £
Stocks	<u>2,500</u>	<u>2,500</u>

13 Debtors

	2019 £	2018 £
Trade debtors	19,784	-
Prepayments	27,609	11,369
VAT recoverable	<u>3,415</u>	<u>6,316</u>
	<u>50,808</u>	<u>17,685</u>

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	39,001	54,500
Other taxation and social security	5,295	6,309
Other creditors	5,950	9,948
Accruals	5,085	10,565
Deferred income	<u>-</u>	<u>7,787</u>
	<u>55,331</u>	<u>89,109</u>

15 Creditors: amounts falling due after one year

	2019 £	2018 £
Other loans	<u>260,000</u>	<u>60,000</u>

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Notes to the Financial Statements

Year Ended 30 April 2019

16 Contingent liabilities

Legal charge over ship 'Pelican of London'

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

The loan is repayable in one of three ways:

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

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

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

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

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

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

17 Funds

	Balance at 1 May 2018 £	Incoming resources £	Resources expended £	Balance at 30 April 2019 £
Unrestricted funds				
<i>General</i>				
Unrestricted Income Fund	(113,575)	706,558	(773,386)	(180,403)
<i>Designated</i>				
Bursary Fund	1,300	-	-	1,300
Tangible Fixed Assets	925,923	-	(34,083)	891,840
	927,223	-	(34,083)	893,140
Total Unrestricted funds	813,648	706,558	(807,469)	712,737
Restricted funds				
ASTO Hammond Innes Bursary	3,939	3,224	(4,874)	2,289
Total funds	817,587	709,782	(812,343)	715,026

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

	Balance at 1 May 2017 £	Incoming resources £	Resources expended £	Transfers £	Balance at 30 April 2018 £
Unrestricted funds					
<i>General</i>					
Unrestricted Income Fund	11,524	440,746	(579,256)	13,411	(113,575)
<i>Designated</i>					
Bursary Fund	1,300	-	-	-	1,300
Tangible Fixed Assets	939,334	-	-	(13,411)	925,923
	940,634	-	-	(13,411)	927,223
Total unrestricted funds	952,158	440,746	(579,256)	-	813,648
Restricted funds					
ASTO Hammond Innes Bursary	-	3,939	-	-	3,939
Total funds	952,158	444,685	(579,256)	-	817,587

Adventure Under Sail

Notes to the Financial Statements

Year Ended 30 April 2019

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

Restricted Funds:

ASTO Hammond Innes Bursary - Funds set aside to provide sailing opportunities for young people on the Pelican.

Designated Funds:

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

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

18 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds
	General £	Designated £	£	£
Tangible fixed assets	748	891,840	-	892,588
Current assets	134,180	1,300	2,289	137,769
Current liabilities	(55,331)	-	-	(55,331)
Creditors over 1 year	(260,000)	-	-	(260,000)
Total net assets	<u>(180,403)</u>	<u>893,140</u>	<u>2,289</u>	<u>715,026</u>

Adventure Under Sail

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 30 April 2019.



Objectives and Activities

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

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

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

Ensuring our work delivers our aims

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

Achievements and Performance

The Charity's objectives for this year were to:

- Work with other charities, local authorities and educational establishment who work with young people from socially excluded backgrounds to develop the educational experience offered.

Adventure Under Sail

Trustees' Report

- Identify a winter voyage opportunity with the Pelican sailing in warmer climates with young people, so that the ship is achieving its charitable objectives for most of the year. This will not only maintain the ship in better condition under use, but will also deliver a more consistent revenue stream.
- Promote the ship to new audiences.
- Work in partnership with other organisations promoting adventure, sail-related, environmental and educational activities.

Recognising the charities key objectives, we identified opportunities for TS Pelican to work in the Irish Sea focusing on activities with partners in Liverpool, Belfast and Dublin. With a significantly larger population, higher level of deprivation and unemployment, the opportunity to operate voyages has improved. In addition, the support we have received from the main ports and cities has been extremely positive and welcoming. Identifying a new home port and relocating from Weymouth are key objectives.

Having developed key partnerships with Liverpool, Dublin and Belfast and their associated youth development organisations, we continue to prioritise their voyages during the European summer months. In addition, we are developing repeatable voyage plans with key partners in both the UK and mainland Europe.

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

- Review staffing structure and focus on key objectives.
- Continuous review and improvement of the ship has led to further investment to ensure the ship's future reliability and sustainability.
- Ongoing risk assessment associated with operational matters.
- Providing bursaries for young people to sail on the T. S. Pelican of London.
- Developing new partnerships and strategic alliances with other charitable organisations who work with young people, particularly those who come from socially excluded backgrounds, and to offer educational programmes which best respond to their life situations.
- Continuous improvement of our relationship with the MCA and our certification process with an associated improvement in the long-term maintenance plan.

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

Between May 2018 and April 2019 over 430 young people, of which over 25% had special needs, sailed on 18 voyages with the Pelican, including a 6 month transatlantic adventure. These were all trainees on a mixture of sponsored and non-sponsored voyages. The introduction of our continuous improvement programme meant that reliability improved significantly. We picked up a fishing line off Brest in April, which became wrapped inside the stern tube; but the relationship with Sharpness Shipyard and Drydock meant that we only came out of the water for 6 days, completed an out of water survey with the MCA and renewed the anti-foul scheme within the process thus maximising the time out of water.

Adventure Under Sail

Trustees' Report



Our relationship with Ocean College has developed positively. We took 30 Ocean College students and 4 teachers on a 6 month transatlantic adventure between October 2018 and April 2019. Despite the numerous challenges a voyage like this presents, it was a great success with really positive outcomes. As a result, we have now built a long-term collaboration with Ocean College to deliver these voyages annually (The 2019/20 College voyage is currently underway and we are currently planning the 2020/21 voyage) and identifying opportunities for working together during the European summer.

Adventure Under Sail

Trustees' Report



Within this year we have built a positive reputation within the sail training industry for reliability, professionalism and consistent delivery of a comprehensive sail training programme. Month on month we are receiving more enquiries about delivering sail training programme, and our winter programme with Ocean College has delivered a significant ongoing positive profile.

Public Benefit

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

Plans for future periods

Primarily, our plans for 2019-20 are to continue with our established partners, especially Ocean College and Sail Training Ireland, building up wholesale voyages around the Irish Sea in the summer and a winter programme between October and April.

Financially, our target is to reduce the reliance on donations and increase the value of chartered voyages, sponsorship and grants. We have implemented a planned maintenance system which has led to a more reliable ship, which, although leading to increases in initial costs, now provides a base point for ongoing maintenance planning and reliability.

The charity base was relocated in September 2018 to Sharpness Shipyard, further reducing people costs and overheads. This move consolidates our relationship with Sharpness Shipyard as our preferred Mechanical and Electrical partner and strategic partner for ongoing maintenance.

A priority for the forthcoming year is to pre-book voyages further with strategic partners. The programme for 2020/21 is mainly agreed and already significantly booked by partners and committed groups.

Adventure Under Sail

Trustees' Report

Structure, governance and management

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 14 April 2004 and registered as a charity on 31 May 2008. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. The liability of the directors is limited.

Organisational structure

The trust is managed by the Chief Executive in accordance with the policies set out by the trustees. In matters of seamanship and vessel safety the master in command of the vessel has the ultimate decision-making authority having due regard to the standard operating procedures laid down by the charity. The charity is a member of the Association of Sail Training Organisations and Sail Training International.

Recruitment and appointment of trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as directors. Under the requirement of the Memorandum and Articles of Association there is no term provided for the length of time for which trustees are elected to serve. This is an area that will be reviewed by the current trustee board. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts. The board now has five trustees following the appointment of three new trustees in October 2019.

Induction and training of trustees

A Trustee Induction Pack has been prepared summarising a trustee's duties along with the history, operating methods, staffing structure and finances of the trust. All new trustees are invited to meet with the Chairman and Chief Executive to discuss the role and the organisation.

Financial review

During this financial year the charity committed once again over £100k to expenditure on repairs and improvements to TS Pelican including the renewal of the Stern tube Seals, a number of mechanical components, navigational aids, sails, and associated M&E systems within the ship. The ship is in a far better state of repair in May 2019 than she was in 2018 and will continue to improve. This contributed to a deficit of income over expenditure during the year of £102,561. This deficit has been accommodated through an interest free loan of £200,000 which is being repaid over time. As we move towards alternative self-sustaining funding streams to support a robust voyage programme whilst maintaining the ship in good condition, this loan and the improvements and repairs it has funded means that the ship's performance and reliability continue to improve to enable it to operate all year round.

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

Adventure Under Sail

Trustees' Report

Reserves Policy

The board has examined the charity's requirement for reserves in the light of the main risks to the organisation. It has established a policy whereby unrestricted funds not committed or invested in tangible fixed assets held by the charity should be the equivalent of two months' projected income. Our projected income for the 2019/20 year is around £780,000 and therefore the target is £130,000 in general funds. The purpose of the reserves is to keep the charity in operation should there be a shortfall in the targeted income. The total of unrestricted reserves at the year-end was £712,737 (2018 £813,648). The total free reserves at the year-end were £179,851 (2017 £112,650).

Risk Management

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

Independent Examiners

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

The annual report was approved by the trustees of the charity on 10 January 2020 and signed on its behalf by:

S Thorington
Trustee

