



Jubilee Sailing Trust Annual Report

for the year ended 31st March 2018

Registered Charity #277810

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Letter from the Chairman

This is a momentous year for the Jubilee Sailing Trust. In 1978, Christopher Rudd and Dr Tony Hicklin founded the JST to realise their vision of a fully accessible tall ship that would be crewed by a mixed-ability crew, helping break down barriers and prejudices between disabled and non-disabled people. 40 years later, the JST is proud to have delivered over 50,000 transformative adventures at sea and to have made a profound difference for very many thousands of people.

People of all abilities and ages have joined our ships with strangers from different walks of life. During our voyages those differences have faded and people have discovered many things in common. Our voyage crew have found that they share the best of human qualities, such as courage, resilience and fortitude. They have demonstrated how adversity and obstacles can be overcome when those qualities are combined with a positive attitude and a desire to explore possibilities and potential.

Those are also the qualities that have sustained the Trust for its first 40 years. At all times in our history, from our formation, to the funding and build of Lord Nelson then Tenacious, to Lord Nelson's round-the-world voyage in 2012 and Tenacious' since 2015, the JST has taken audacious steps that have shattered pre-conceptions. We have frequently demonstrated that with a determined and courageous attitude anything can be achieved. That is a testament to the tremendous passion and tenacity of our beneficiaries, donors and supporters, our patrons and trustees, and our staff and volunteers.

Our achievements are all the more notable against the backdrop of social change. In October 2018 the Charity Commission published its *Statement of Strategic Intent 2018-2023*. In that document, the Commission set out its plans to deliver its own purpose, which is 'to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society.' The UK Government's "*Civil Society Strategy: Building a future that works for everyone*" sets out its vision for all people to be able to thrive, connect with each other, and give back; and of a society where people have a sense of control over their future. These principles are well aligned with our own goals and strategic objectives. Increasingly, as our society awakens to the possibilities of inclusion and participation for all, the JST's work becomes more relevant and focused.

For several years, the JST has been in a period of rapid, planned transformation. Our transformation is driven by two primary goals: to make the Trust financially sustainable, and to make a bigger difference to the lives of more people. We have always known that the journey would take hard work and persistence and that the path to successful change would be neither straight nor smooth.

The challenges we faced in FY18 and the lessons we have learned will enable us to strengthen in the future. I see those challenges as a positive sign of our ambitious attempts to do several big things at once. We are learning as we go and are working hard to embed these lessons in enhanced policies, procedures, tools and working practices.

On behalf of my fellow Trustees, I would like to offer our sincere thanks to our volunteers, crew, office staff, donors and suppliers for your incredible efforts to deliver our Mission, and to make a difference to so many lives. I would like to particularly thank the Trustees who retired during this financial year for their many years of collective service, and dedication to the JST, alongside their busy working lives.

A key aim of our transformation plan is to take the JST back to its essential core, and to reignite the passion for personal and social change that motivated Christopher and Tony 40 years ago. In that sense, we are taking a much firmer grip on the things that are, and always have been, most important to the Trust. By doing so, we will unlock the amazing opportunity that lies ahead for this wonderful charity which remains, to this day, truly unique.

The JST looks forward to the next 40 years and the exciting times ahead.

James Crill

Chairman of Trustees



Letter from the Chief Executive

For the last 4 years we have been working hard to develop our team and organisational capabilities, to make our systems and ways of working more effective and to strengthen our policies and procedures. We have done that in order to improve our financial position and to ensure our operations remain safe and compliant. We have also been focused on raising our profile and reputation, raising awareness of our work in the hope of attracting new beneficiaries, partner organisations and supporters. Ultimately, all of that is in order that the JST can extend our Mission to more people, make

best use of the resources available, and make a bigger difference for more lives.

I have no doubt that the JST's work is more relevant today than at any time in our history. In both the UK, and abroad, societies continue to struggle with issues of social prejudice, inequality and division. The concerning rise of mental ill health, loneliness and social isolation suggest there is a growing number of people who feel trapped, unsupported and uncertain of their place in the world, with reduced confidence in their ability or potential.

The JST exists to confront that challenge. We believe that people gain a true sense of their self-worth, capability and potential when they are released from the limitations of their everyday life. We believe that everyone, regardless of ability, health, age or background, has the right to feel valued and able to make a contribution; and should be given the opportunity to explore their ability, potential and place in the world. That has always been the essence of our Mission, initially for disabled people and over time for people from wider social groups.

Our team is working hard to make sure that our Mission and our social impact is placed in sharp focus and at the heart of everything we do. In doing so, we are keeping pace with the changing public, regulatory and political expectations that define our era. I welcome these evolving expectations and the challenges and opportunities they create. They are a strong endorsement of our efforts to grow our partnership work, to sharpen our focus on our Mission and social impact, and to place even greater rigour around safety, compliance and governance. They help illustrate why we must evolve our organisation and how our team works.

Yet even as we look ahead, it is important to celebrate some of the key achievements of this year:

- » SV Tenacious returned to the UK after completing the JST's first extensive overseas programme - this has helped us develop a blueprint for other overseas deployments and plots a course to bring the JST's important work to other communities across the world.
- » Illustrating the power of our partnerships strategy, we completed one of the most ambitious corporate-charitable collaborations with the Barclays Round Britain Challenge. We worked with Barclays staff and over 50 charity partners to provide

fully funded sailing opportunities to over 200 beneficiaries from across the UK. The project was subsequently recognised with various awards by the UK Charity Film Award, the Better Society Award, and the Sports Business Award.

- » After an extensive multi-stakeholder consultation, we started important work to enhance our mission, vision, identity and impact measurement framework to ensure our public benefit continues to grow and we can effectively report on our work.
- » We established a Patrons' Circle programme in preparation to maximise the opportunities around our 40th Anniversary celebrations (in FY19) and to start creating meaningful, long-term relationships with our most valued supporters.

We also faced a number of challenges, the most significant being unplanned engineering works on SV Tenacious during her return from Australia, which adversely impacted our results for the year.

As this Annual Report illustrates, we have managed these issues well, demonstrating resilience, and continued to make encouraging progress with all our strategic priorities. None of this would have been possible without the continued dedication of our amazing volunteers and staff, to whom I am extremely grateful.

Duncan Souster
Chief Executive Officer



Our Mission

Over the last 40 years it has become increasingly clear that whilst our work certainly benefits people with physical impairments, we also make a difference for people from other social groups. First and foremost our work makes a difference on an individual level, to our beneficiaries' personal development, knowledge, skills and social development, whilst also promoting a more inclusive world, where everyone can contribute and feel valued.

Our 40th Anniversary created the perfect opportunity to review our Mission to ensure that our purpose truly reflects the work we do today and the needs, dreams and aspirations of our beneficiaries.

We started in 2017 by listening to our community: our beneficiaries and voyage crew members, volunteers, staff, Trustees, donors, partners and supporters. We thought carefully about the difference we make in the world and who benefits most from our work; and about our strengths

and the things that make us unique. The result has been to create much sharper definition around key elements of our work.

Whilst we aim to make a difference to the lives of all our participants, we know that our impact is especially strong for some social groups, including people with physical impairments or learning disabilities or difficulties; those with mental health conditions or long-term ill-health issues; the lonely or socially isolated; those dealing with significant challenges or change in their career or educational life; and people from disadvantaged backgrounds, including disadvantaged youth.

We know that such social barriers and major life challenges can lead to people developing feelings of being restricted or even trapped. People can become emotionally isolated and disconnected. Their opportunities to socialise and to do or learn new things can become limited. Their life and career opportunities can

become restricted and their world can start to feel quite small. And people can lose the confidence to explore and find their true ability and potential.

During a JST inclusive sailing adventure people become deeply immersed in an intense and challenging ocean experience where conditions can be unpredictable. Diverse teams work together to perform tasks with real responsibilities. In our adaptive and enabling environment, everyone is seen and treated as equal and contributes to the best of their ability. Aboard our ships barriers break down, differences disappear, social bonds form and people start to appreciate the ability and potential in others.

Beneficiaries leave our voyages with new skills and more aware of their own strengths and capabilities. They gain beliefs and attitudes that help them tackle the limitations in their life. They feel more free to explore their ability, potential and place in the world.

These powerful insights have produced:

- » A new Vision Statement, describing the world as we want to see it.
- » A new Mission Statement which will replace all existing variations.
- » A set of core Beliefs, describing what drives us and motivates us.

Vision

An inclusive world where we can all contribute and feel valued.

Mission

To give people of mixed abilities and circumstances the freedom to explore their ability, potential and place in the world through inclusive adventures at sea.

Beliefs

Freedom: We believe that people gain a true sense of self-worth, capability and potential when they are released from feelings of being restricted or trapped

Tenacity: We believe in the power of a determined and courageous attitude to overcome anything

Community: We believe in the power of a diverse, accepting and respectful community that safely nurtures and helps each other grow

Exploration: We believe that exploring can help us see potential, not limitations, and give us a fresh perspective on our place in the world

Responsibility: We believe that to progress whilst protecting ourselves and our environment, we must take risks but never be reckless

Our Impact

We are working hard to ensure that we clearly understand how our work makes a difference and are adopting a more structured and robust approach to planning, measuring, assessing and reporting our impact. By doing that, we will further strengthen our appeal to funders and partners and drive ongoing improvements in our activities and the outcomes we deliver. Our progress and plans for strengthening our impact practice are described later in this Report. Output data for FY18 is as follows:

90 voyages

2,422 crew 63.6% male 36.4% female

826 disabled 526 male 300 female

128

wheelchair users

86

with hearing impairments

93

with visual impairments

35

with epilepsy

117

with a mental health condition

63

with a learning disability or difficulty

Our Activities

Organisation

The JST is managed, run and supported from its Global Headquarters in Southampton, in the United Kingdom.

Core activities within our head office include:

Voyage crew recruitment - including through partnership programmes and promotion of our public voyages

Income generation - including fundraising, income from voyages and supporting activities (such as merchandising)

Operations - delivering our Mission and Impact, including through planning and delivery of our voyage programme; project and events management; reservations and customer support; and ship operations (including maintenance, crewing and crew services and safety management)

Support functions - Governance, Policy & Administration, Finance, HR, IT Systems & Operational Effectiveness, Marketing and PR

We have 28 professional crew positions (roles as Master, First Mate, Second Mate, Third Mate, Bosun, Cook, Chief Engineer, Second Engineer and Medical Purser). Our professional crew oversee the operation and safety of the ships and the delivery of our Mission and Impact aboard the ships.

The section on "Plans for the Future" later in this Report describes our evolution to a new, settled organisational structure, designed to optimise the delivery of our Mission and to increase our Impact.

Volunteering

Over 900 active volunteers provide thousands of days of support each year

on board our ships and on shore. On Board positions include the roles of Bosun's Mate, Cook's Assistant, Doctor, Maintainer and Watch Leader. Onshore, volunteers provide professional advisory and administrative support in our office, and fundraising, promotional and pastoral support to beneficiaries through our branch network. We seek to ensure that voluntary support is used as widely as possible throughout the organisation.

We have developed policies for our voluntary community, including improved support structures, training and development processes, and volunteer recognition schemes.

We are eternally grateful for the contributions of our volunteers. We would not be where we are today without their generosity and energy.

Regulation

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

Safeguarding: We routinely work with young people and with adults who may be considered vulnerable. To raise awareness of the risk of abuse and to manage any concerns of abuse that might arise, we have in place a Safeguarding Policy and Guidelines and a Disclosure and Barring Service Policy and Procedure. Both of those policies were developed with guidance from local safeguarding authorities and



benchmarked against current best practice; and both policies are scheduled for annual review and periodic update (preferably annually and at least every three years).

Data protection: In FY18 the Trust took preparatory steps for the implementation (with effect from 25 May 2018) of the General Data Protection Regulation (GDPR) and to ensure that the JST has the right policies and procedures in place to process personal data lawfully and fairly, respecting individuals' privacy rights. The Trust conducted an extensive review of how we use personal data and how it is processed. Subsequently, the Board has approved a Data Protection Policy and a set of tools for implementation. We now implement that policy. The section on "Plans for the Future" contains further information.

Voyages

During FY18, the JST undertook 53 voyages and 37 Day Sails on Lord Nelson and Tenacious, covering almost 11,700 nm (nautical miles) and benefitting 2,422 members of voyage crew. That represented an average occupancy of 84%.

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

Voyages can last between a few days, for a short, toe-in-the-water-experience, to much longer ocean crossings that can take around six weeks, sometimes even longer. A typical coastal voyage is seven days, which is viewed as an ideal duration for crew to benefit from a truly immersive experience. Voyages are either open to the public or dedicated for work with a partner organisation.

Public voyages and day sails are promoted through our extensive social media

network, online advertising, media coverage, supporter network, and by opening our ships for public visitation during port visits. Crew are taken on a first-come, first-served basis (subject to passing our medical assessment) although we work within certain criteria to create a diverse, balanced crew complement and to ensure the ship can be operated safely for the duration of the voyage given anticipated sea and weather conditions.

Partner voyages and day sails are designed and delivered in collaboration with partners such as charities, schools, businesses and governmental entities. Our partners help to recruit and prepare crew for their experience. We then tailor our activities to maximise the impact of the voyage or day sail to the particular community being served. We might also work with partners on joint fundraising activities. Our partner relationships are typically defined through Memorandums of Understanding or project specific agreements.

We plan each voyage programme to maximise our social impact whilst generating adequate income and cash to fund our operations, keeping our fleet maintained and safe.

In order to strengthen our focus on our Mission, increase our impact and improve our financial performance, we intend to change our approach to voyage programming and our partnership work. Those plans are outlined later in this report under "Plans for the Future".

Objectives and Strategic Goals

In March 2018 the Trustees approved a refreshed strategy and 5 Year Plan. Our strategy is structured around five focus areas. For each focus area, we have established a set of overarching five year goals and defined what long term success will look like:

Big profile, great reputation.

We will extend our work with partners (other charities, schools and colleges, the private and public sector) that can help both improve our financial security and increase our social impact; deliver all of our voyages, day sails and events to a consistent standard of excellence; make sure that our Mission and Impact runs through all our planning, activities and communication; and raise our profile in UK and international forums related to social inclusion, mixed ability sports and leisure.

Outstanding team and culture.

We will create a culture that reflects our Vision, Mission and Beliefs and enables all of our staff and volunteers to be the best that they can be; provide great learning and development opportunities and an enjoyable working environment for all our staff and volunteers; reward our staff fairly and recognise great performance by staff and volunteers; give people the information, resources and skills they need to work efficiently and effectively; make our people feel empowered and accountable.

Always safe and compliant.

We will maintain our excellent track record for safety and environmental protection; continually benchmark our Safeguarding policies and procedures so that we live up to our commitment to safeguard Young People and Vulnerable Adults from abuse; ensure we comply with Data Protection and other key regulatory requirements; ensure the governance of the JST meets the standards expected by the Charity Commission.

Create financial security and build resilience.

We will significantly increase our income and make it more predictable whilst controlling our costs so that we generate a regular and growing annual surplus; build financial reserves so that we can invest in our people and ships and grow our impact, and so that we can guard against a rainy day; invest in our IT, systems and processes so that our programming, planning and reporting tools work efficiently and well; continue to improve the programming, planning and execution of ship maintenance so that it becomes more efficient and delivers better returns on investment.

Bigger impact on more lives.

We will increase awareness of the JST and demonstrate to our target beneficiary groups that we understand their needs and values; strengthen our approach to measuring and reporting our impact; create a bursary fund that is big enough to fill multiple voyages each year with beneficiaries who stand to benefit most but are least able to pay for themselves; extend our impact beyond the beginning and end of a voyage or day sail, so that we touch more lives, more deeply, across an extended time frame; and build and implement a 10 year fleet strategy.

We are currently finalising an implementation plan and an analysis of funding required to drive the next stages of that transformation and to deliver those outcomes. This includes a strategy and plan to generate that funding. Those plans will be finalised and we will move to implementation during FY19. We believe that our unrelenting focus on Mission and Impact will enhance our prospects of securing that funding and delivering that strategy.

Factors impacting achievement of objectives

The following controllable factors are most critical to the successful execution of the Trust's strategy.

Safety at Sea and Fleet Management

Safety is at the heart of everything we do: from selection of voyage crew, delivery of mission and quality of experience. Our planning processes, due diligence, safeguarding considerations, logistical partnerships and supply chain management are all focused on ensuring safe operational policies, systems and processes.

People & Culture

Delivery of our mission starts with the strength and effectiveness of our own team. In 2017 we introduced a set of Core Behaviours, which set a benchmark for how our community engages with each other and was integrated into our performance management system for staff. We intend to evolve our Core Behaviours and our approach to performance management and recognition and reward to strengthen individual focus on our Mission and Impact.

Public Awareness

To support our fundraising, voyage crew recruitment and wider public influence, we are investing in our website and social media, seeking opportunities for promotion in the media, amongst our strategic partners, and from our supporter network and volunteers. The section on "Plans for the Future" provides information on the launch of our new brand identity and our new website.

Voyage Crew Recruitment & Support

Key to our ambition of having a bigger

impact on more lives is the need to strengthen our network of partners, especially amongst other charities. Through those partners we aim to increase the awareness of JST to a much larger group of target beneficiaries, enhance our ability to engage with and recruit those beneficiaries, increase the level of support to them (before, during and after a voyage) and increase our impact on their lives. We are also very much open to working with those partners on collaborative fundraising initiatives.

Achievements & Performance

Summary of main achievements

During FY18, we made progress as follows:

Financial sustainability

We continue to focus intensely on creating financial security and building resilience. The two primary drivers for this are improved earning from asset-dependent income, facilitated by a shift from public voyages to self-funding partner projects, and the continued professionalisation of our fundraising capability. We have made some progress but, in the face of headwinds and unpredictable issues, this remains an ongoing challenge.

Partnerships

Central to this has been our progressive shift to more work with charities, the education sector and youth organisations and with the private and public sectors.

A typical partner day will generate £6-8k per day of income as opposed to £2-3K for public voyages. Partners also improve our revenue security because nearly all the partners we have secured to date are now on multi-year commitments, with repeat and often growing programmes of work. For this reason, we are continuing to increase our capacity for this work, with a target of 45% of days being allocated to this purpose by 2020. In order to deliver that, in FY18 we sustained our investment in our Partnerships Team. Reflective of our progress in this are:

- » The number of days of partnership work in our voyage programme reached [TBD] days (having grown from [TBD] days in F17 and less than 5 days 5 years ago)
- » Our partnerships income reached £653k (year-on-year growth of 223%

from £201,600 in F17, having also grown by 234% year-on-year in F17).

- » Our overall commercial income reached £1,929k in FY18 (up 6%, £1,828k in FY17).

Within this programme, we have started to establish a number of strategic, multi-year mission-relevant partnerships that demonstrate our breadth of capability and impact:

Barclays and partner charities: FY18 saw the successful delivery of the 11 leg "Barclays Round Britain Voyage". The voyages involved 385 participants, half of whom were staff from Barclays sites across the UK and the other half of whom were from more than 50 charities around the country. This programme generated £235k of income and attracted about 10,000 visitors to Lord Nelson with a "festival of inclusion" in each port. This engaged communities and connected with local charities, schools, journalists, local officials and dignitaries.

Welbeck Defence Sixth Form College: Between July and August 2017 36 young students aged 16 - 19 from Welbeck joined voyages in Canada, New Zealand and Europe. The students all undertook their own fundraising activities or applied for bursaries to support them. The students were about to apply to or start at university, others were heading into full-time work. This was a unique experience that helped differentiate their applications and stand out above the crowd.

Wellington College and Carwarden House Community School: 28 Wellington Students joined 12 Students with learning disabilities from Carwarden on a day sail from Portsmouth. The day sail helped build on existing collaboration between the school and deepen the students understanding and appreciation of diversity.

VMware: We continued our multi year collaboration with the cloud computing and platform virtualization software and services organisation. VMware recruited their own disabled buddies for an 8 Day Voyage around Cape Verdes. The employees made their own financial contribution which was matched funded by the VMware Foundation in order to fund the berths for the buddies. The voyages have deepened VMware employees' understanding of disability and of disabled people. The whole experience imbued both disabled and non-disabled participants with a newfound sense of confidence not just in their own abilities but in the abilities of those around them.

ORCA: in FY18 we signed an agreement with ORCA, a UK based charity that works to identify and protect critical whale and dolphin habitats in UK and European waters. ORCA gives everyone who cares about whales and dolphins an active role to safeguard their future and is committed to make whales and dolphins accessible to all, no matter their background. In March 2018 we delivered the first voyage in our multi-year partnership. The voyage plans had to be changed last minute due to extreme weather conditions in the Atlantic, but the voyage was still a great success and we have developed plans with ORCA for collaborative voyages in 2019. This initiative is not only an excellent addition to the JST voyage crew experience, but also a groundbreaking programme to make marine wildlife watching and conservation truly inclusive and accessible to all, with the right equipment. In future, we hope to bring hydrophone equipment and tactile materials onboard our ships to create a truly unique and exciting opportunity for visually impaired and sighted beneficiaries alike.

British Exploring Society: We continued to develop our collaboration with the British Exploring Society regarding the Dangoor Infinity Programme. Infinity is a ground-



breaking programme which will drive aspiration and model the capacity of young people from a whole range of backgrounds to achieve exceptional results when given the opportunity. In FY18 we signed agreements and, in collaboration with BES, secured funding for a pilot expedition, scheduled for October 2018 in conjunction with recruitment partners Westminster Academy, Reach (a charity for children with upper limb deficiencies) and VICTA (a charity that supports blind and partially sighted children, young people and their families).

During Tenacious' time in Australia in FY18 we delivered a number of partnership projects:

MS Australia: We designed a day sail dedicate to mothers living with MS & their teenage children. This provided a platform for mothers in various development stages of MS (from recently diagnosed to wheelchair users), to demonstrate their capability and resilience to their own children. The nurturing environment of Tenacious provided a place for the mothers to get mutual support from one another. One amazing bonus on the day was to see the children gathering themselves together on the foredeck to discuss their life experiences and realise that they are not alone in their predicament. So often these unexpected moments just happen onboard these unique vessels.

Deakin University: a taster programme saw 10 students & faculty supported by this major Australian institution on an adventure from Melbourne to Sydney. Half the group were living with disability and the result was a huge success to enhance the University's programme of diversity, access & inclusion.

Hobsons Bay City Council provided an opportunity for a unique charitable / local government best practice partnership. This local council not only provided a superb berth facility at Seaworks Maritime Museum in Williamstown (Melbourne, Australia), but built excitement for Tenacious' visit with flags on the street lights, posters in every local shopfront and celebratory ship visits for the local community. JST provided five different day sails for local community groups sponsored by HBCC (from women in leadership to disability, seniors to local school students from the more disadvantaged suburbs). Using the Council's own financial impact methodology, the AUD\$50,000 HBCC sponsorship provided an economic impact to the local community of approx AUD\$350,000



proving that these local government relationships can be mutually beneficial while providing a massive social impact.

Mates 4 Mates: In October/ November 2017 we delivered a hugely successful partnership voyage with Mates4Mates, a charity supporting current and ex-serving Australian Defence Force members (and their families) who are wounded, injured or ill as a result of their service. 36 participants including Mates, their family members and Mates4Mates staff joined a 7 Day Voyage from Brisbane to Sydney. We were delighted to receive the following feedback from Mates4Mates CEO, Simon Sauer: *"Sailing aboard the Tenacious certainly did take our Mates (and their family members) out of their comfort zone, but it also allowed them to rebuild their self-confidence and self-esteem and be better placed to deal with future challenges. The self-confidence our Mates have gained from their experiences on the Tenacious can now be transferred to other parts of their lives, for example, being able to engage in our other services such*

as the Employment and Education Support Services and Social Engagement activities."

Fundraising

Partnerships have also helped us to broaden the fundraising possibilities and attract new support. Following initial success in FY16 and FY17, we took further steps in FY18 to grow income from major gifts and to effectively manage our major donor relationships. We engaged the services of an experienced consultant to help architect an approach to donor cultivation and stewardship that aligned with sector best practice and have since dedicated much of the Chief Executive's time to this pursuit. We are also gradually building the support team to manage higher value relationships and prepare higher value, strategic funding applications. We are finding that collaborative projects are creating exciting new strategic funding opportunities and also exposing the JST to new, prospective, major donors. High net worth donors find the JST attractive

often because of our ability to partner with other charities, complementing their existing philanthropic commitments. As one new major donor recently put it, in this way the JST can perform a crucial and attractive role as “a charity for charities”.

FY18 was very much a foundation year for building this major donor capability, with a particular focus on preparing for the JST’s 40th Anniversary in October 2018, in the next financial year.

Reflecting this anniversary, the major gift fundraising target for the 40th Anniversary is £1m and, at the time of writing this report, this has been accomplished and will be reflected in the FY19 accounts.

In FY18, the JST’s total fundraised income was £1.7m.



Trusts and Foundations

Income from Trusts & Foundations was c. £322k in FY18 (£473k in F17).

We are especially grateful to The Nebulous Trust for its forgiveness of a £400k loan.

In the year we received the first allocation (£67k) from the £270k grant from the Chancellor’s LIBOR Funds, which we used to establish the ‘Leading Forces’ project for Service Personnel to gain confidence after service or injury and support transition into civilian life. The remainder of the grant will be allocated over FY19 and FY20.

We were also pleased to secure a grant of £9.9k from the Big Lottery Fund, which we will apply to fund the cost of a community roadshow, to engage with our volunteers, staff and supporters around the country on our evolving strategy and direction. The fact that we have secured this first, small grant opens up the opportunity to apply to the Big Lottery Fund for subsequent, larger grants.

Other key grants included £50k from a donor who wishes to remain anonymous; £35k from The Royal Foundation of The Duke and Duchess of Cambridge and The Duke and Duchess of Sussex to support service men and women to participate in our ‘Lord Dannatt Round Britain Challenge’ - commemorating 100 years since WW1; £20k from the King/Cullimore Charitable Trust; £16k from the Pointer Family Trust; and £12k from The Fort Foundation.

Our thanks go to the following Trusts and Foundations who each donated £10k: the Iliffe Family Charitable Trust; the Chadwick Charitable Trust; the H & M Charitable Trust; the Patrick & Helena Frost Foundation; BISKRA; the Ranworth Trust; and the Steel Charitable Trust.

We are very grateful for the continued support of Trinity House and the Association of Sail Training Organisations,



providing bursaries for young, disabled or disadvantaged people to take part in one of our unique and socially inclusive experiences. In FY18 we received £69.5k and £23k from Trinity House and ASTO respectively.

Investment in mission delivery

In FY18 we spent £2.7m on our ships (including expenditure on maintenance, repairs and operating costs but excluding crew salaries). That maintained the same level of investment as in F17 and F16, exceeding by £350k the average across the previous five years.

In order to make best use of the funds we have available, we have continued to develop our benefit-in-kind programme, which seeks to create best value with our supply chain. Generally, this involves a package of recognition and support for our suppliers, in return for preferential terms of business. Of particular note in FY18, we were delighted to sign a partnership agreement with Stream Marine Training (a specialist provider of training

and consultancy services to the global maritime, oil and gas, renewables and construction sectors) for the provision, free of charge, of all statutory and professional development training for our professional seafarers. This is a fantastic, differentiating benefit that allows all our crews to have unlimited access to the Stream Marine curriculum. This is a valuable benefit to all our crew and, in particular, those members of the JST at earlier stages in their career, keen to build new skills.

We continue to operate our Supplier Recognition Scheme to deliver meaningful return for sponsors and favourable supply contracts. In FY18, our Platinum, Gold and Silver Suppliers made benefit in kind contributions worth £220k to the JST.

We would like to thank all of our supporting suppliers including: *Sperry Marine, ABP Southampton, Globecomm, SpecTec, Ocean Safety, Navigate Response, Cummins, GAC, Marine Data, Total Access, Chugoku Marine Paints, Fire Aid, AMI Marine, Stream Marine Training, Actisense, Next*

Communications, Veolia, Regs4ships, Global Navigation Solutions, OceanPlus Ltd, PMPT, Westbrook Marine Projects, Solent Stevedores, IMES, and Pentalver.

Raising our profile

We have continued our efforts to transform our targeted marketing and PR campaigns to increase our awareness of the JST and our work and to engage with and recruit potential new beneficiaries, partners and supporters.

Almost 56,000 people have liked our Facebook page and we have over 54,000 Facebook followers. We are approaching 4,400 followers on Twitter (up from 3,800 last year).

Specific event campaigns have reach far larger audiences. As we reported in last year's Annual Report, during the Barclays' Round Britain Voyage in FY18, over 129,000 users read tweets using the dedicated hashtag, #RBV2017.

Learning from experience

Whilst we made progress on many fronts in FY18, this was offset by challenges elsewhere:

Income: Our FY18 budget projected faster growth in our major gift programme, but our investments in our team have started to deliver results eight to 12 months later than planned. This was unfortunate, because we set our cost base for FY18 against a much stronger income performance.

International programming: Despite the amazing local support, we struggled to promote our work in Australia and New Zealand, and to sell public voyages; our costs were also higher whilst down under. As a result, the net



contribution from the programme was c. £750k less than originally planned.

Expenditure and reserves: Tenacious also incurred a large number of engineering issues on her voyage home to the UK, probably due to legacy underinvestment, leading to c. £650k of unplanned, unbudgeted, emergent engineering work that wiped out our modest reserves in the second half of FY18.

Public voyages: Similarly, our expectation that increasing the mix of partnership work would lead to improved demand for public voyages has only proven true in the summer, when we are now routinely filling voyages 6-8 months hence. However, both ships have really struggled in the winter and operational issues in the Canaries are limiting future programming options.

Overall, a combination of these factors means that we did not achieve our occupancy targets and that our P&L remains volatile and our cash position tight (but manageable).

Our financial performance and outlook appropriately gets regular scrutiny from our non-executive Finance and Audit Committee Trustees (FACT) board. FACT closely scrutinises our financial position and reports back to the trustees on any issues, guiding their debate. FACT continues to push our team to improve their financial forecasting and accuracy and to explore changes to our operating model that will improve and stabilise our financial performance whilst also delivering our Mission. The Trustees and FACT are encouraged by the progress with partnerships and the major donor network and take comfort from the fact that following our refinancing in FY17 (which included the repayment of our bank debt relating to the construction of Tenacious) most of our debt is now with creditors who are also benefactors and strong supporters.

Plans for the Future

Brand identity

Building on the development of our Vision, Mission and Beliefs, in 2018 we launched a new brand identity. Our aim was to develop an identity that truly reflects what we do by putting people and our Impact at the heart of everything. We also wanted our brand to be modern and positive, appealing to a much wider and larger group of beneficiaries and partners.

Our new tagline "A Sea of Possibility" speaks to both the environment in which we work and the difference we make for our beneficiaries.

We have developed creative headlines such as "Make the impossible possible" and "Leave what you can't do onshore", which will appear on promotional and marketing materials.

Our new website, which will launch in early 2019, will be a dramatic improvement and will bring our work to life. We are grateful to Valiant Design for their extremely generous support with the development of our new visual identity and website.

We have invested in our brand identity to raise our profile and reputation. That in turn will help grow our income, improve our financial performance and increase our impact. These are strategic imperatives as essential as investing in our fleet or people.

Inclusive and accessible communications

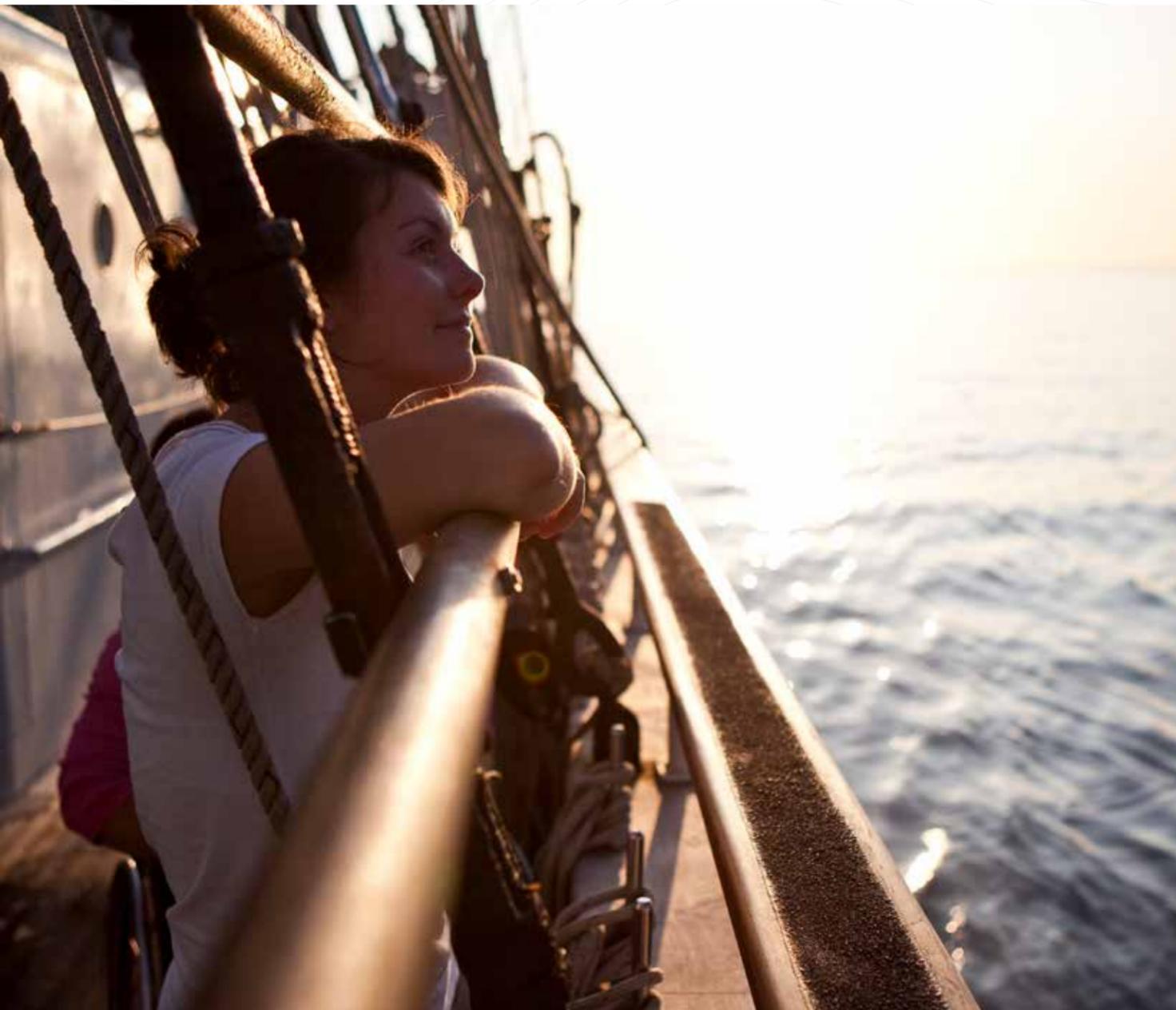
In summer 2018 we launched our new *Inclusive and Accessible Communications Guidelines and Policy*. This describes current attitudes and best practice regarding the language around disability and mental health, summarises relevant UK law, and provides guidance on the language we must use when talking to or about disabled people, impairments and mental health.

Our aim is to make all our staff aware of today's attitudes and preferences, so we can be kind, respectful, and confident whilst guiding our beneficiaries.

At the same time we have launched the JST's new accredited Disability Awareness training programme, which is mandatory training for all staff and offshore volunteers, and available to all our beneficiaries on demand. The programme was developed in partnership with RYA Sailability and the result is a strong training module with practical exercises that make people think about disability and how to remove the barriers to participation.

Impact practice

Also in summer 2018 we launched JST's new approach to impact





measurement, including a new set of impact questionnaires and practices.

Our new approach is grounded in a JST “Theory of Change”. The Theory of Change describes how our work makes change happen for our beneficiaries over the short, medium and long term. It maps out the key activities that a member of voyage crew experiences and it shows how those activities help develop their skills, attitudes and beliefs. It also demonstrates the link between those activities and outcomes and our Mission. Our Theory of Change was first developed by a team from across the JST, including permanent crew, Bosun’s Mates, Watch Leaders and office staff. That group of people provided a mix of experiences and perspectives gathered over very many years and voyages.

Our new approach reflects recommended best practice for charities, including the Code of Good Impact Practice published by Inspiring Impact (a UK wide programme that aims to change the way the UK voluntary sector thinks about impact).

The new impact questionnaires are being trialled in FY19 with a view to full deployment in FY20.

Voyage programming

In prior years, including FY18, we have sailed our ships intensively throughout the year (with 42 weeks of voyage-related activities and the remaining weeks being used to perform essential, planned maintenance). We have also typically worked in at least two regions at any one time (with one ship always serving the UK & Europe). For example in FY18 we worked in UK & Europe; N. America; Australasia; and the South Pacific Islands.

In 2018/19 we will be piloting a new approach to our winter programme by laying up Tenacious from November to March. The decision allows us to use the ship to drive a range of other charitable objectives, including community/ partner engagement, whilst catching-up with maintenance.

In subsequent years we are likely to change our approach to voyage programming. We aim to work mainly in nearby sea zones and, to operate from a smaller number of hub ports, with most of our voyages starting and ending in one of a fairly small number of hub ports. This will allow us to drive local partnerships, reduce crew travel costs, create local supply chain relationships and improve sailing options (irrespective of wind direction).

This hub model will also support the continued growth of our partnership activity.

Fundraising

As mentioned earlier in this Report, one of the benefits of our increased focus on partnership work has been to gain exposure for the JST to a new group of major donors. We are working hard to cultivate our relationship with these individuals, with much success. We have

established a Patron’s Circle programme to anchor our major giving and expect to secure at least 70 members in FY19, with a combined contribution in excess of £1m.

GDPR

We continue to take steps to ensure that JST has the right policies and procedures in place to process personal data lawfully and fairly, respecting individuals’ privacy rights. A new Data Protection Policy and a set of tools is being implemented to ensure compliance with General Data Protection Regulation.

Organisation and Culture

We continue to review and adapt the shape of our team to ensure that we have people with the right skills in the right roles and that we are set up to work effectively and efficiently to deliver our Mission and our strategic objectives.

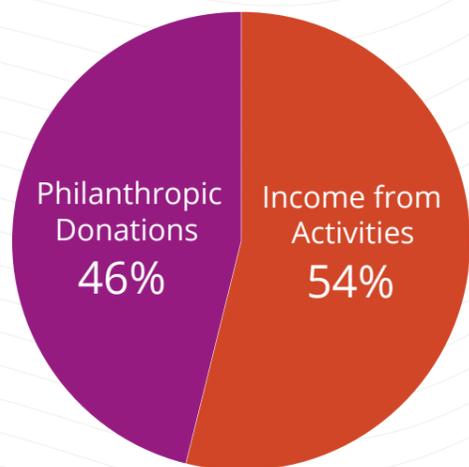
Financial Review

Overview

During FY18 there was further significant progress towards our goals but also many challenges.

In the year, the Trust made a deficit of £1.2m, compared to a £0.2m deficit in FY17. This was due to a combination of significant, emergent engineering works that arose during Tenacious' return voyages from Australia and a dip in some other funding areas. Despite this setback, the Trustees remain confident in our ability to deliver our ultimate aim of becoming financially sustainable. With this result we are continuously monitoring our performance and on entering our 40th year with all of our partnership income secured, we have achieved a first for the JST that makes up around 20% of our overall income and demonstrates the progress being made.

Principal Sources of Funding



The JST has two primary funding sources - income from activities and philanthropic donations. During FY18, these made a contribution of 54% and 46% respectively.

The JST has always had a stream of income from activities, generated from contributions towards our mission by crew members and our partners. During FY18, the guideline contribution for public voyages is c. £100 per day, although this varies by voyage dependent on our fixed costs.

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

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

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

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

Professionalism in all income generation activity is paramount. The JST has an experienced and extremely capable team

to manage work with our partners. Other organisations who promote our work are subject to careful training to ensure our experience is effectively communicated to potential crew and the wider public.

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

We also take care to consult all of our donors with regard to their contact preferences and ensure this is reflected in our actions.

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

Income

Income reduced in FY18 by c. £600k compared with the previous year.

This was largely due to the forgiveness of an £880k loan in FY17. Ambitious fundraising targets were set but not met. However, restricted funds increased by 46% due to receipt of a grant from the Chancellor of LIBOR funds. This is an area the JST is focusing on to reduce exposure by managing risk through securing multi-year giving.

In summer 2017 we delivered our pioneering Round Britain Challenge with Barclays. Later in the summer Lord Nelson visited Canada and took part in Canada 150, the celebrations to mark the 150th anniversary of the confederation of Canada. JST secured a CAD \$250k appearance fee for Lord Nelson's participations.

Tenacious continued her adventures in Australia, delivering exciting partnership projects such as Mates4Mates, MS Australia,

Deakin University and Hobsons Bay City Council. However, despite enjoying amazing local support, having considerable publicity with coverage in all major capitals, numerous radio interviews across both national broadcasters and local community radio, we struggled to sell public voyages. Our costs were also higher due in part to the development of relationships and the additional wear on the ship from the heavy seas of the Southern Ocean. The net contribution from the programme was c. £750k less than originally planned.

Having the ships in different hemispheres enabled us to increase demand on Lord Nelson closer to home, resulting in higher occupancy and a c. £100k uplift in voyage income.

Expenditure

Expenditure increased in FY18 by c. £500k taking our total costs to just short of £5m.

Some of this increase arose from the scheduled dry docking of Tenacious in New Zealand, though local costs were significantly higher than we had anticipated. In addition, we encountered around £650k of unbudgeted, emergent works. They included a large number of engineering issues that arose on Tenacious' journey home to the UK.

Debt

We have found that some benefactors prefer to make large, normally interest free/ low interest loans, instead of large gifts, as it allows their position to be secured against our asset base.

In FY18, we received £792k from new benefactor loans, taking our total benefactor debt to £3,290k. The terms of these debt arrangements make Trustees confident that this debt position is viable and can be serviced in the future.

Principal risks and uncertainties

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

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

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

Investments

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

Reserves

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

Support vs. direct costs

We seek to ensure that the vast majority of our funds are spent on our operational delivery in support of our charitable activities. During FY18, this was at 73%. This includes the cost of running, maintaining and coordinating operations on our ships, our customer service functions, partnership delivery team and bookings team.

Due to the size and complexity of our operations, it is essential that we have robust management, fundraising and other administrative or consultative support which accounts for 23% of our expenditure in the last year.

Structure, Governance & Management

The Trustees are committed to continuously improving their performance and effectiveness. The Trustees formally adopted the Charity Governance Code at the end of FY17 and in FY18 formally reviewed their performance, and that of the Trust, in accordance with its recommendations.

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

Nature of Governing Document

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

Constitution

The charity, through its two subsidiary charities, Jubilee Sailing Trust Ltd and Jubilee Sailing Trust (Tenacious) Ltd, owns and operates two tall ships, the Lord Nelson and Tenacious, designed and built for the achievement of these objectives.

After various additions and changes to the Trust's Objects over the years, a consolidated Deed of Trust was adopted by Trustees on 19 October 2006.

The Trust has submitted to the Charity Commission a change to the objects clause of the Trust Deed, which the Commission is in the process of considering for approval.

Organisational structure (inc. entities and affiliates)

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

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

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

Decision-making processes

The full board of Trustees meets quarterly, with more frequent meetings of sub-committees, on which the Trustees are represented, covering all the discrete disciplines required in the charity (Finance and Audit, Fundraising, Medical Advisory and Ship Management).

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

Other Trustee working groups are routinely commissioned on specific issues, projects



or topics on a less formal basis. In this instance, the scope of work and deliverables are agreed with the Trustee Board and/or the executive on a case by case basis.

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

Trustee Recruitment & Induction

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

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

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

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

- » A briefing on their legal responsibilities as a Trustee (per Charities Commission guidance)

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

Remuneration

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

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

In FY18 the Trust implemented the second stage of a commitment to bring seafarer remuneration to appropriate level of remuneration, given their responsibilities and experience.

Statement of Trustees Responsibilities

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

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- » Select suitable accounting policies and then apply them consistently;
- » Observe the methods and principles in the Charities SORP (FRS 102); make judgements and estimates that are reasonable and prudent;
- » State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.
- » The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps

for the prevention and detection of fraud and other irregularities.

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

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

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

This report was approved by the Trustees on March 4, 2019.



James Crill, Chairman of Trustees

Reference & Administrative Details

Patron	HRH The Duke of York, KG	
Honorary President	Jacquetta Cator	
Trustees	James Crill	Chairman
	Martyn Cuff	Vice-Chairman
	Kevin Curran	
	Tom Stewart	
	Niall Tarrell	
	Mark Rawson	
	Ashley Head	<i>Appointed 20/09/2018</i>
	Emma Lawton	<i>Appointed 18/01/2018</i>
	Mark Needham	<i>Appointed 22/03/2018</i>
	Emma Crabtree	<i>Retired 02/09/2018</i>
Mike King	<i>Retired 22/06/17</i>	
Isobel Dando	<i>Retired 11/08/17</i>	
Christian Marti	<i>Retired 21/09/17</i>	
Harry Cator	<i>Retired 08/08/17</i>	
Chief Executive	Duncan Souster	
Honorary Treasurer	Andrew Cheesewright	<i>Retired 22/06/2017</i>
Principal Address	12 Hazel Road Southampton SO19 7GA	
Bankers	National Westminster Bank PLC 15 Bishopsgate London EC2P 2AP	
Solicitors	Hill Dickinson LLP Irongate House Dukes Place London EC3A 7HX	
Independent Auditors	Fiander Tovell Limited Stag Gates House 63/64 The Avenue Southampton SO17 1XS	
Charity Number	277810	



Independent Auditors Report

Opinion

We have audited the financial statements of Jubilee Sailing Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2018 which the Group Statement of Financial Activities, the Group and the Trust Balance Sheet, Group Cashflow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- » give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2018, and of the group's incoming resources and application of resources for the year then ended;
- » have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- » have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit

of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

At the Balance Sheet Date, the Group had Net Current Liabilities of £1,598,157 (2017: £900,699). In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1(b) to the financial statements concerning the group and the Trust's ability to continue as a going concern, which is dependent on the continued support of the group's bank, fellow members of the group, other creditors and its supporters and donors.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- » the information given in the financial statements is inconsistent in any material respect with the trustees' report; or

- » sufficient accounting records have not been kept; or
- » the parent charity's 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 33, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent 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 the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: **25 March 2019**

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



Consolidated statement of financial activities

For the year ended 31 March 2018

Notes	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total £	2017 Unrestricted Funds £	2017 Restricted Funds £	2017 Total £	
Income and endowments from:							
<i>Donations and legacies:</i>							
Donations and gifts	4	1,196,747	750,682	1,947,429	2,217,479	302,999	2,520,478
Deferred income		-	(221,271)	(221,271)	-	(58,039)	(58,039)
<i>Charitable activities:</i>							
Voyage fees		1,713,681	-	1,713,681	1,639,635	-	1,639,635
Appearance fees		214,548	-	214,548	188,165	-	188,165
<i>Other trading activities:</i>							
Merchandising income		38,438	-	38,438	49,134	-	49,134
Other fundraising income		58,227	-	58,227	16,439	-	16,439
Investment income	5	25	-	25	124	-	124
Total incoming resources		3,221,666	529,411	3,751,077	4,110,976	244,960	4,355,936
Expenditure on:							
<i>Raising funds:</i>							
Costs of generating voluntary income		458,943	-	458,943	557,215	-	557,215
Merchandising costs		22,640	-	22,640	30,216	-	30,216
		481,583	-	481,583	587,431	-	587,431
<i>Charitable activities:</i>							
Lord Nelson operating costs		1,622,682	185,675	1,808,357	1,752,244	92,338	1,844,582
Lord Nelson depreciation		77,736	-	77,736	70,726	-	70,726
Tenacious operating costs		2,256,964	179,092	2,436,056	1,777,255	97,358	1,874,613
Tenacious depreciation		111,011	-	111,011	108,644	-	108,644
Restricted income released	1(e)	(16,006)	16,006	-	(30,450)	30,450	-
Interest payable	9	60,294	-	60,294	43,500	-	43,500
		4,112,681	380,773	4,493,454	3,721,919	220,146	3,942,065
Total resources expended	6(a)	4,594,264	380,773	4,975,037	4,309,350	220,146	4,529,496
Net incoming/(outgoing) resources		(1,372,598)	148,638	(1,223,960)	(198,374)	24,814	(173,560)
Memo: net incoming/ (outgoing) resources before depreciation		(1,183,851)	148,638	(1,035,213)	(19,004)	24,814	5,810
Net movement in funds		(1,372,598)	148,638	(1,223,960)	(198,374)	24,814	(173,560)
Reconciliation of total funds:							
Funds brought forward		2,365,711	325,887	2,691,598	2,564,085	301,073	2,865,158
Funds at 31 March 2018		993,113	474,525	1,467,638	2,365,711	325,887	2,691,598

All items dealt with in arriving at the net movement in funds in 2018 and 2017 relate to continuing operations.

Consolidated & Trust Balance Sheet

Notes	Group 2018 £	2017 £	Trust 2018 £	2017 £
Fixed Assets				
Tangible assets	11	6,373,473	6,490,297	-
Total fixed assets		6,373,473	6,490,297	-
Current assets				
Stocks	12	67,933	62,591	-
Debtors-due within one year	13	409,578	398,480	259,993
Debtors-due after more than one year	13	-	-	5,027,568
Cash at bank and in hand		114,949	141,664	33,851
		592,460	602,735	5,321,412
Creditors: amounts falling due within one year	15	(2,190,617)	(1,503,434)	(713,096)
Net current (liabilities)/ assets		(1,598,157)	(900,699)	4,608,316
Total assets less current liabilities		4,775,316	5,589,598	4,608,316
Creditors: amounts falling due after one year	17	(3,307,678)	(2,898,000)	(3,140,678)
Net assets		1,467,638	2,691,598	1,467,638
Funds				
Unrestricted		993,113	2,365,711	993,113
Restricted	20	474,525	325,887	474,525
		1,467,638	2,691,598	1,467,638

The financial statements were approved by the Trustees and authorised for issue on 4 March 2019.



James Crill

Chairman of Trustees

Consolidated Cash Flow Statement

	2018	2017
	£	£
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (A)	(817,740)	(950,960)
Cash flows from investing activities:		
Dividends, interest and rents from investments	25	124
Purchase of tangible fixed assets	-	-
Net cash provided by/(used in) investing activities	25	124
Cash flows from financing activities:		
Repayment of bank loans	-	(633,068)
Repayment of Trustee Loans	(61,000)	(5,000)
Repayment of other loans	(200,000)	-
Cash inflows from new borrowing	1,052,000	1,824,000
Net cash provided by/(used in) financing activities	791,000	1,185,932
Change in cash and cash equivalents in the reporting period	(26,715)	235,096
Cash and cash equivalents at the beginning of the reporting period	141,664	(93,432)
Cash and cash equivalents at the end of the reporting period	114,949	141,664
(A) Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period	(1,223,960)	(173,560)
Depreciation	192,688	180,684
Dividends, interest and rents from investments	(25)	(124)
Decrease / (Increase) in stocks	(5,342)	(2,995)
(Increase) / Decrease in debtors	(11,098)	(279,232)
(Decrease) / Increase in creditors	305,861	252,111
Interest waived	-	9,996
Donations in kind of fixed assets	(75,864)	(57,860)
Loans waived	-	(879,980)
Net cash provided by/(used in) operating activities	(817,740)	(950,960)
(B) Analysis of cash and cash equivalents		
Cash in hand	114,949	141,664
Overdraft facility	-	-
Total cash and cash equivalents	114,949	141,664



Notes to the Financial Statements

1 Accounting policies

Charity Information

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

a) Basis of preparation

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

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

b) Going concern

The Trustees have taken steps to improve the financial performance of the group although income levels since the balance sheet date, and projected cash flows, indicate that the group will remain under financial pressure for the foreseeable future. The Trust is dependent on the continued support of its supporters, donors, lenders, and other creditors. The Trustees consider that they have this support, and that the Trust will continue to operate as a going concern. The financial statements have been prepared on the basis that the Trust is a going concern and do not include the adjustments that would result in the event of the lenders or principal creditors removing their continued support and current credit and working capital facilities.

c) Fund accounting

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

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

d) Incoming Resources

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

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

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

e) Donated voyage fees

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

f) Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Trust to the expenditure. All expenditure is accounted for on an accruals basis and has been

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

g) Governance costs

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

h) Fixed assets and depreciation

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

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

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

i) Foreign currency

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

j) Stocks

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

k) Debtors

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

i) Cash and cash equivalents

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

m) Creditors and provisions

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

n) Financial instruments

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

o) Pension costs

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

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

p) Irrecoverable VAT

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

q) Operating leases

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

2 Critical accounting estimates and judgements

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

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

Key sources of estimation uncertainty

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

Ship Valuations

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

MNOPF Multi-Employer Defined Benefit Scheme

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

3 Donated goods, facilities and services

From our valued supporters around the world the Trust received £220,000 in donations in kind in the year. We are extremely grateful to our supporters for all they do in making our mission achievable from helping us with discounted or free berthing, pilotage and mooring, to parts for our ships and servicing. We also continue to receive assistance with insuring our fleet, training our staff and crew and charts to help us navigate the world.

Our volunteer branch community (nearly 1,000 strong) continues to grow and stretch further around the world following the ships where they go, in FY18 to Australia, New Zealand and Canada to mention a few. We are lucky to receive invaluable support not only in helping us deliver our mission by way of Watch Leaders, Bosun's Mates and Cook's Assistants but to raise awareness of our work, fundraising, providing expert assistance both on and off shore in the office and with the maintenance of our ships.

4 Donations and gifts

	2018 £	2017 £
Charitable trusts, corporate donors and other institutions	961,770	1,566,281
Legacies	181,567	128,002
Fundraising events	58,225	94,579
Individuals and branches	745,867	731,616
	<u>1,947,429</u>	<u>2,520,478</u>

5 Investment income

Investment income comprises bank interest receivable of £25 (2017: £124).

6 (a) Total resources expended

	Staff costs £	Depreciation £	Other direct costs £	Total 2018 £	Total 2017 £
Fundraising and publicity costs	181,450		277,493	458,943	557,215
Merchandising costs	-		22,640	22,640	30,216
Lord Nelson operating costs	917,924	77,736	890,433	1,886,093	1,915,308
Tenacious operating costs	917,923	111,011	1,518,133	2,547,067	1,983,257
Interest payable	-		60,294	60,294	43,500
Governance costs	35,544	434	(35,978)	-	-
	<u>2,052,841</u>	<u>189,181</u>	<u>2,733,015</u>	<u>4,975,037</u>	<u>4,529,496</u>

Other direct costs include audit fees of £11,690 (2017: £11,350) and auditors' remuneration for non-audit services of £1,595 (2017: £1,550) included within governance costs.

6 Total resources expended - continued

(b) Allocation of support costs and overheads

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

Cost Type	Total		Operating Costs	
	Allocated £	Governance £	Lord Nelson £	Tenacious £
Staff costs	604,002	35,544	284,229	284,229
Office rental and costs	31,334	1,826	14,754	14,754
Communication costs	11,430	666	5,382	5,382
Insurance	8,106	472	3,817	3,817
Depreciation	7,450	434	3,508	3,508
Other	682,250	49,928	316,161	316,161
	<u>1,344,572</u>	<u>88,870</u>	<u>627,851</u>	<u>627,851</u>

Support costs include exchange differences debited/(credited) of £5,185 (2017: £19,649).

7 Staff and Agency Costs and Remuneration of Key Management Personnel

Group	2018 £	2017 £
	Wages and salaries	987,559
Social Security costs	107,678	100,409
Pension contributions	51,914	43,314
Agency staff	878,290	909,822
Pension contributions - agency staff	27,400	16,541
	<u>2,052,841</u>	<u>1,983,555</u>

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

	No.	No.
Administration	<u>34</u>	<u>33</u>

The average number of full time staff was 29 (2017: 28) and part time staff was 5 (2017: 5). The average number of full time equivalent staff was 32 (2017: 31).

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

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

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

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

	2018	2017
	No.	No.
£60,000 - £70,000	-	-
£70,000 - £80,000	1	1
£90,000 - £100,000	1	1

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

	2018	2017
	£	£
Employment benefits of key management personnel	<u>234,291</u>	<u>304,770</u>

	2018	2017
	£	£
Trust		
Wages and salaries	-	98,846
Social Security costs	-	12,521
Pension contributions	-	-
	<u>-</u>	<u>111,367</u>

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

	No.	No.
Administration	<u>-</u>	<u>1</u>

8 Trustees' remuneration

None of the Trustees or any persons connected with them received any emoluments from the charity in either year. No Trustees received reimbursed expenses during the year (2017: None). Trustee indemnity insurance of £3,360 (2017: £3,286) has been paid by Jubilee Sailing Trust Limited and is included within governance costs.

9 Interest payable

	2018	2017
	£	£
Bank loans and overdrafts	1,129	19,686
Other loans	<u>59,165</u>	<u>23,814</u>
	<u>60,294</u>	<u>43,500</u>

10 Results of parent and subsidiaries

These accounts incorporate the results of the Trust's wholly owned subsidiaries, Jubilee Sailing Trust Limited (company number 01694447, charity number 286487) and Jubilee Sailing Trust (Tenacious) Limited (company number 04019273, charity number 1081658), for the year ended 31 March 2018. These subsidiaries share the principal objective of enabling physically disabled and able-bodied people to share the challenging and integrating experience of crewing a sailing ship at sea.

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

10 Results of parent and subsidiaries, continued

	Incoming resources	Operating surplus/(deficit)
	2018	2017
	£	£
Jubilee Sailing Trust	1,809,401	2,396,182
Jubilee Sailing Trust Limited	1,234,383	(1,274,332)
Jubilee Sailing Trust (Tenacious) Limited	790,511	(1,295,404)

	Assets	Liabilities	Net Assets
Jubilee Sailing Trust Limited	2,597,179	2,206,379	390,800
Jubilee Sailing Trust (Tenacious) Limited	3,930,079	3,600,618	329,461

11 Tangible fixed assets

Group	Tenacious	Lord Nelson	Boats & spare engines	Equipment & motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2017					
- at original cost	-	-	89,496	79,508	169,004
- at valuation	4,250,000	2,500,000	-	-	6,750,000
	4,250,000	2,500,000	89,496	79,508	6,919,004
Revaluation	-	-	-	-	-
Additions	-	-	-	75,864	75,864
Disposals	-	-	-	-	-
At 31 March 2018	4,250,000	2,500,000	89,496	155,372	6,994,868
Depreciation					
At 1 April 2017	212,500	125,000	64,737	26,470	428,707
Revaluation	-	-	-	-	-
Charge for the year	106,250	62,500	5,883	18,055	192,688
Eliminated on disposal	-	-	-	-	-
At 31 March 2018	318,750	187,500	70,620	44,525	621,395
Net book value					
At 31 March 2018	3,931,250	2,312,500	18,876	110,847	6,373,473
At 31 March 2017	4,037,500	2,375,000	24,759	53,038	6,490,297

Tenacious is pledged as security for a number of other loans, as detailed in note 17a.

The group adopts a policy of revaluation of its sailing ships in accordance with FRS 102. A valuation was carried out in July 2015 by Graham Westbrook (independent naval architect and surveyor). He estimated the approximate value of Lord Nelson (Jubilee Sailing Trust Limited) at £2,500,000 and Tenacious (Jubilee Sailing Trust (Tenacious) Limited) at £4,250,000.

The basis for valuation and factors considered were:

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

The charity itself does not hold tangible fixed assets (2017: £Nil).

11 Comparable historical cost for Lord Nelson and Tenacious:

Cost	Lord Nelson		Total
	Tenacious	£	
At 1 April 2017 and 31 March 2018	15,620,213	2,690,205	18,310,418
Depreciation			
At 1 April 2017	5,193,466	1,667,927	6,861,393
Charge for the year	312,404	53,804	366,208
At 31 March 2018	5,505,870	1,721,731	7,227,601
Net Book Value			
At 31 March 2018	10,114,343	968,474	11,082,817
At 31 March 2017	10,426,747	1,022,278	11,449,025

12 Stocks

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

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Cost of stocks recognised as an expense during the year:	<u>204,625</u>	<u>240,497</u>	-	-

13 Debtors

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Other debtors	67,343	326,722	2,799	269,630
Prepayments and accrued income	<u>342,235</u>	<u>71,758</u>	<u>257,194</u>	<u>24,959</u>
	<u>409,578</u>	<u>398,480</u>	<u>259,993</u>	<u>294,589</u>

Amounts falling due after more than one year

Amounts due from subsidiary companies	-	-	5,027,568	5,272,757
	<u>-</u>	<u>-</u>	<u>5,027,568</u>	<u>5,272,757</u>

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

14 Financial instruments

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>466,485</u>	<u>505,484</u>	<u>5,323,656</u>	<u>5,640,346</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>4,082,693</u>	<u>3,275,119</u>	<u>3,308,535</u>	<u>2,520,493</u>

15 Creditors: amounts falling due within one year

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Other loans (17a)	263,045	-	263,045	-
Voyage deposits in advance (16a)	1,246,740	907,409	432,516	237,328
Trade creditors	421,328	321,292	-	-
Other creditors	64,163	77,838	1,013	1,009
Other taxation and social security	56,139	29,906	-	-
Accruals and deferred income	139,202	166,989	16,522	19,484
	<u>2,190,617</u>	<u>1,503,434</u>	<u>713,096</u>	<u>257,821</u>

The amount of secured liabilities due within one year is £263,045 (2017: £Nil).

16 Voyage deposits in advance

(a) Trust:	1-Apr	Incoming	Release of	31-Mar
	2017	Resources	b/fwd	2018
	£	deferred	deferred	£
	£	£	income	£
Assisted voyage fees	221,991	237,277	(41,539)	417,729
Branches	15,337	250	(800)	14,787
	<u>237,328</u>	<u>237,527</u>	<u>(42,339)</u>	<u>432,516</u>

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

Group:	1-Apr	Incoming	Release of	31-Mar
	2017	Resources	b/fwd	2018
	£	deferred	deferred	£
	£	£	income	£
Assisted voyage fees	221,991	237,277	(41,539)	417,729
Branches	15,337	250	(800)	14,787
Voyage deposits	670,081	814,224	(670,081)	814,224
	<u>907,409</u>	<u>1,051,751</u>	<u>(712,420)</u>	<u>1,246,740</u>

17 Creditors: amounts falling due after more than one year

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Other loans (a)	2,860,955	2,272,000	2,860,955	2,272,000
Loans from individuals (b)	167,000	228,000	167,000	228,000
Voyage deposits in advance	112,723	189,000	112,723	189,000
Other creditors	167,000	209,000	-	-
	<u>3,307,678</u>	<u>2,898,000</u>	<u>3,140,678</u>	<u>2,689,000</u>

The amount of secured liabilities due after more than one year is £3,027,955 (2017: £2,500,000).

(a) Other loans:

JC Newco Limited, a company set up by the family of Jaquetta Cator made a loan of £850,000 to the Jubilee Sailing Trust (Tenacious) Limited, on which interest was charged at a rate of no more than 0.7% over the Bank of England's Base rate. During the year ended 31 March 2017, the balance outstanding on the loan including accrued interest was forgiven. Details of the other loans provided are as follows:

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

Lender	Capital	Interest	Term
Harry Cator	1,097,000	0.7% above base	15 years
Harry Cator	550,000	3% above base	15 years
Harry Cator	550,000	0.7% above base	15 years
John Marston	200,000	3% above base	15 years
Elisabeth Thistlethwayte	225,000	3% above base	15 years
Trinity House	250,000	5% above base	15 years
Ashley Head	152,000	0%	1 year
Chris Clarke	100,000	0%	1 year

The above loans (with the exception of the loans from Ashley Head and Chris Clarke) are secured by a guarantee from Jubilee Sailing Trust (Tenacious) Limited and a ship mortgage on Tenacious. The guarantee and mortgage rank behind the guarantee to National Westminster Bank plc and equally with the Corporation of Trinity House of Deptford Strond and the three lenders referred to above.

The analysis of other loans is:

	2018 £	2017 £
Due within 1 year	263,045	-
Due within 1-2 years	311,467	109,156
Due within 2-5 years	576,400	454,400
Due after 5 years	1,973,088	1,708,444
	3,124,000	2,272,000

(b) Loans from individuals

At 31 March 2018, 10 (2017: 11) individuals including some Trustees had advanced loans to the Trust, totalling £167,000 (2017: £228,000).

	2018 £	2017 £
At 1 April 2017	228,000	681,000
Loans advanced during the year	-	-
Repaid during the year	(61,000)	(5,000)
Reclassified	-	(448,000)
Waived during the year	-	-
At 31 March 2018	167,000	228,000

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

The outstanding amount at 31 March is analysed as follows:

	2018 £	2017 £
Due within 1 year	-	-
Due between 1 and 2 years	167,000	228,000
	167,000	228,000

18 Obligations under operating lease

At 31 March 2018 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Land & Buildings		
Within one year	22,335	22,335
In more than one year but not more than five years	6,514	28,849
In more than five years	-	-
	28,849	51,184
Lease payments recognised as an expense during the year	22,335	22,335

19 Related parties

The loans from the Trustees and other individuals included in Note 17 above are also related party transactions and therefore the Trust considers the following to be material transactions. Certain of the trustees took the decision to waive interest on these loans. The interest waived of £1,365 and calculated at 1.2% per annum (2017: £1,230) has been treated as a gift in kind. Interest paid to Trustees in the year was £3,063 (2017: £3,448)

Amounts of £5,000 and above owed by the Trust to Trustees and related parties at 31 March 2018:

	2018 £	2017 £
Mr P Stone	-	61,000
Mrs J Cator	75,000	75,000
Mr R Davies	37,500	37,500
Mr D Mumford	20,000	20,000
Mr T Stewart	20,000	20,000
Mr J Caulcutt	5,000	5,000
Ms A Robinson	5,000	5,000
Mr H Cator	2,197,000	1,647,000

In addition, in August 2006 a loan of £850,000 was transferred from Barclays Private Bank Limited to Mrs J Cator, the Honorary President, details of which are disclosed in note 17(b). During the previous year, the outstanding loan balance of £833,000 and accrued interest totalling £46,980 were waived.

The group has received appearance fees of £72,931 (2017: £188,165) from JST Australia, a separate legal entity with common trustees.

20 Funds

Group and Trust

	1-Apr 2017 £	Incoming Resources £	Deferred Income £	Outgoing resources £	31-Mar 2018 £
Restricted funds					
Ships maintenance fund	314,887	513,405	-	(364,767)	463,525
Assisted voyage fund	-	237,277	(221,271)	(16,006)	-
Pension deficit fund	11,000	-	-	-	11,000
	325,887	750,682	(221,271)	(380,773)	474,525

The movement in funds for the comparative period was:

	2018	2017
Ships maintenance fund	290,073	214,510
Assisted voyage fund	-	88,489
Pension deficit fund	11,000	-
	301,073	302,999
	(58,039)	(221,271)
	(220,146)	(221,271)
	325,887	474,525

The ships maintenance fund represents amounts received for the continued maintenance of either of the group's two tall ships. The bursaries received in the assisted voyage fund enable the Trust to operate subsidised voyages and youth training activities. These bursaries are only used for subsidising the cost of voyages as specified by donors and remain as deposits in advance until released as voyage income. The pension deficit fund represents contributions received towards payment of the Trust's pension deficit liability.

21 Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total
Group	£	£	£
Fixed assets	6,373,473	-	6,373,473
Current assets	117,935	474,525	592,460
Current liabilities	(2,190,617)	-	(2,190,617)
Long term liabilities	(3,307,678)	-	(3,307,678)
	<u>993,113</u>	<u>474,525</u>	<u>1,467,638</u>

The analysis of net assets for the comparative period was:

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

22 Pension Costs and Pension Deficit Costs

The total pension costs charged to the SOFA account amounted to £51,914 (2017: £43,314).

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

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

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

As required under FRS 102, a provision has been made for the agreed contributions to the deficit and the provision at the year end amounted to £209,000 (2017: £251,000).



A sea of possibility



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