

Registered number: 04686048
Charity number: 1096846

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

**SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)**

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019

Trustees

M Brown (UK) (appointed 22 September 2018, resigned 5 November 2018)
J Cheshire (UK), Chairman
E Corwin (Norway)
D Galpin (UK) (appointed 15 March 2019)
M Henstock (Australia)
A Lewidge-O'Brien (UK) (appointed 15 March 2019)
R MacDonald (UK)
R Mimbacas (Spain) (appointed 15 March 2019)
C Possollo (Portugal) (resigned 30 January 2019)
D Prothero (Canada) (resigned 30 January 2019)
P Van Ommen (Netherlands)
L Westerberg (Sweden)
L Weweler (Germany)

Company registered number

04686048

Charity registered number

1096846

Registered office

Charles House
Gosport Marina
Mumby Road
Gosport
Hampshire
PO12 1AH

Company secretary

G Brown

Chief Executive

G Brown

Independent auditors

James Cowper Kreston
Chartered Accountants and Statutory Auditor
9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

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Advisers (continued)

Bankers

Lloyds TSB plc
20 High Street
Gosport
Hampshire
PO12 1DE

CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Solicitors

Sherrards Solicitors LLP
1-3 Pemberton Row
London
EC4A 3BG

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Trustees are pleased to present their report together with the Financial Statements of the Charity for the period ended 31 March 2019.

a. 1. Objectives and Public Benefit

The objects of the Charity are to enable young people of all nationalities to develop their physical, mental and spiritual capacity, through sail training, and embrace a healthier life style so that they may grow to full maturity as individuals and useful members of society.

The principal activities through which it seeks to do so are:

- (a) the promotion and organisation of Tall Ships races and other regattas and events in all parts of the world;
- (b) assistance to young people for their participation in sail training activities including the provision of grants and bursaries (directly and indirectly) and by providing assistance to those otherwise unable to afford to do so;
- (c) acting as a forum for promoting co-operation between the National Sail Training Organisations who are the Members of the Charity and other organisations throughout the world involved in sail training or having similar objectives;
- (d) representing the interests of such organisations with international organisations, government departments and other appropriate bodies in all matters relating to sail training generally and particularly in relation to safety of participants, classification of vessels, certification and best practice and the proficiency of personnel;
- (e) carrying out, commissioning or supporting research, surveys, studies or other work relating to the benefits of sail training for the development of young people and publishing the results of such research and other ancillary written or other materials; and
- (f) the provision of support and encouragement for sail training generally.

In setting our policy for achieving our objectives our Trustees give serious consideration to the Charity Commission's general guidance on public benefit.

Sail training in this context means more than teaching people to sail. It describes the use of adventurous activities at sea to help young people develop confidence, trust in others, tolerance, and teamwork. It also, on board ship and in port, brings together people from many different nationalities, cultures, and faiths to promote international friendship and understanding.

Our activities are planned to enable young people to experience the benefits of sail training in particular by:

- Creating opportunities through events run by the Charity's trading subsidiary
- Promoting and supporting other sail training opportunities
- Providing bursary funding to young people
- Encouraging host cities to support sail training
- Creating awareness of sail training with the public

b. 2. Events and Related Activities

The Charity through its trading subsidiary has continued to promote and organise Tall Ships Races and Regattas with the emphasis on the participation of young people of all nationalities.

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Each year the involvement of Tall Ships from all over the world in our events provides the most visible example of the practical fulfillment of our objectives in three complementary ways:

- They create opportunities for young people to experience sailing on a Tall Ship and the personal development such an experience can offer,
- They generate funds both for the participating Tall Ships and for the Charity to use for bursary funding or research, and
- They foster best practice for sail trainers and promote sail training generally through exposure of the participating Tall Ships to the public when berthed in the race host ports.

Events in 2018

Each year our trading subsidiary organises The Tall Ships Races. The sea area for these rotates annually and the number of host ports involved can be 4 or 5. In addition it also organises one or more regattas and these vary in scale from events involving just 2 ports to much larger, but less frequent ones, such as a transatlantic event.

In 2017 we organised RDV2017 which visited Bermuda, USA and Canada as well as ports in Europe. 2017 was therefore an exceptional year as we only organise such events approximately every 10 years. The numbers for 2018 compare favourably with those for 2016.

During 2018 there were three successful events; the Three Festivals Tall Ships Regatta consisted of visits to UK, Republic of Ireland and France. The annual European Tall Ships Races visited four ports in UK, Denmark, Norway and The Netherlands. The SCF Far East Tall Ships Regatta was our first event in the Far East and included ports in South Korea and Russia and culminated in a prize-giving involving political leaders from Russia, China, Japan, South Korea and Mongolia.

Directly through the Events organised by our trading companies in 2018:

- over 3,600 (2017: 5,000) young people between 15 and 25 participated in a sail training experience;
- over 6,000 (2017: 15,000) people sailed on a tall ship;
- young trainees participated from 35 countries, not only from the countries of the host ports but also from as far afield as Venezuela, Japan, South Africa and Turkey. In 2017, due to RDV2017, the equivalent number was 44;
- 83 vessels from 23 nations took part;
- approximately 3.9 million visitors in aggregate viewed the Tall Ships in the 9 host ports which makes the events one of the world's most popular family festivals.

The comparable figures for 2017 included those for RDV2017 which was a Trans-Atlantic event. Such events are typically held every 10 years. The numbers for 2018 compare favourably with 2016.

Current Events and Plans

During 2019, we are organising events in Western Europe.

The events will involve host ports in France, Netherlands Denmark and Norway.

During the year the Trustees completed a major review of the Charity's mission and strategy after extensive consultation with our stakeholders. The Trustees have set 5 strategic objectives, supported by three enabling ones:

1. Increase the number of young people (15-25) participating in sail training, particularly those who have had fewer opportunities
2. Support trainees receiving high quality experiences - onboard, before, during and after the event to widen and embed the benefits
3. Improve Sail Training International's contribution to international friendship and understanding
4. Run & support very high quality events
5. Extend the work of Sail Training International globally, to new continents and countries

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Enabling Objectives:

1. Generate an adequate income stream to support the primary objectives
2. Establish and maintain human relationships necessary to deliver the primary objectives.
3. Manage the governance of the Charity to conform to Charity Commission rules and recommendations of best practice.

This strategy will be used to review progress in subsequent years.

Fundraising

The Charity does not employ dedicated fundraising staff. The principal source of income is that generated by the subsidiary through races and regattas. Exceptions to this are a donation of €50,000 per annum for bursaries from the Sultanate of Oman and occasional amounts in the form of legacies and donations.

a. 3. Bursaries

In addition to operating Tall Ships Races and other events the Charity utilises its own funds to provide direct assistance to young people who might otherwise not be able to participate in and benefit from sail training.

STI Bursary Schemes

Our **Host Port Bursary** scheme, whereby host ports commit in their contracts with us to provide funding for young people in their area to sail on board Tall Ships participating on our races, continues to provide a high number of local young trainees. In 2018 the nine host ports provided for 934, (747 from ten host ports in 2017) young people to participate in our events, with Harlingen alone providing 350 trainees. Each host port finds its own way to meet their commitment to the scheme and we estimate that the Host Port bursary programme as a whole has an equivalent bursary value in excess of €750,000 (€378,000).

The Charity also funds and operates a **Host Country Bursary Scheme**, administered with the assistance of those member organisations whose countries will be involved in the events in each year. The Charity invites applications for support by individuals, supported by the relevant member organisation. In 2018 a total of 44 young people from the host countries benefited from this targeted support and an aggregate of approximately £17,000 was disbursed under the scheme.

Sultanate of Oman Bursary Scheme

The Charity is privileged to have enjoyed long term support from the Sultanate of Oman, which has operated a Tall Ship of its own for many years. The Sultanate has for the past 7 years funded a dedicated bursary scheme administered by the Charity with a worldwide reach. In 2017 it funded 93 trainees from 23 countries to gain a place on Tall Ships participating in our events. The current agreement expires in 2020.

Rendez-Vous 2017 Legacy Fund

As part of the agreement for Rendez-Vous 2017 a legacy fund was created to provide sail training opportunities for young Canadians. The trustees have decided that the funds should be allocated at a rate of 10% of the original fund per annum. This equates to \$25,000 per annum. During the year it was agreed to fund three projects for the benefit of young Canadians. Brigantine Incorporated based in Kingston Ontario has been awarded \$10,000 dollars to help develop a new sail training programme for young people including at risk youth. Ecomaris from Montreal has been awarded \$10,000 Canadian dollars for its "Cosmic Plankton" programme in which Sail Training aspects will be combined with environmental education and Tall Ships Canada Association has been awarded \$5,000 Canadian dollars for its project "TSCA-ASTO International Exchanges" to bring young people from Canada to the UK to participate in Sail Training with European young people.

The fund appears under restricted funds within the Charity's accounts.

The total number of trainees that benefited from a Sail Training International related Bursary was 1,071 which represents approximately 30% of the young trainees taking part in our events.

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b. 4. Promotion of Sail Training Worldwide

International Conferences:

An important element of the Charity's activities is to host an international conference each year at which our members can interact with Tall Ship operators, sail trainers, port authorities and other maritime organisations. The Charity organises workshops and seminars on many aspects of sail training to encourage best practice and safety, as well as sharing the benefits of different approaches and methods for the development of young people in a sail training environment.

The Conference also provides the opportunity for all Trustees, subsidiary Board Members and Committees to hold their own meetings and meetings with volunteers and other groups to increase awareness of the issues that impact on the achievement of our objectives.

Our 2018 International Conference during the period was held in November in Seville. Representatives from 19 of our Member countries attended and in aggregate there were 300 delegates, from 35 countries. Over 50 sail training organisations were represented.

All the members of the Charity are National Sail Training Organisations (NSTOs), which are also not-for-profit organisations, and the Charity supports its international members in developing sail training in their own countries.

The Charity also promotes sail training activities to the public through its website *SailonBoard.com* which is dedicated to assisting young people to find berths on recognised sail training Tall Ships for participation not only in our Events but generally on ships throughout the world. In 2018/19 15,358 unique trainee enquiries were referred to ship operators. At events managed or approved by the Charity we organise Sail on Board stands through which we are able to promote the new website to the general public attending the Event. Traffic to the website has increased by 10% over 2017.

c. 5. Research STI is funding currently

The increasing importance of evidence-based practices in allowing operators to generate valid and reliable outcomes from their programmes has formed the foundation of Sail Training International's efforts in building a strong profile in research into sail training, adventurous learning and outdoor education.

In response, in 2017, Sail Training International established an annual Research Grant Fund (RGF) of £20,000 with the first recipients being awarded in 2018. Three projects were selected to receive allocations from the RGF. The first project, based in Barcelona, centred around anthropological studies into the effect of sail training on the development of community and its flow on effect to the families of those who participate. The second project, based in Australia, focussed on the impact of living at sea on individuals as well as the impact of removing smart devices from day-to-day life whilst on board. The third, based in the UK, focussed on exploring what outcomes were generated by participation in a sail training programme.

Each of these projects was funded with an expectation that their findings will be made available for use by Sail Training International, its members and operators and the sail training community to better understand the varied outcomes their programmes provide as well as identifying areas where improvements can be made. This information can further be used for programme development as well as marketing, additional research and generating community and corporate support.

The researchers from each of these projects will present their findings to the Sail Training International community at the annual conference in Antwerp in 2019.

Following the success of the first round of funding, Sail Training International extended the RGF for another year once again offering applications to receive funds up to a total of £20,000. Several applications have been made and at the time of this reporting they are being reviewed. As with the previous grants, successful receipt of funds from the RGF will allow Sail Training International, and its members, to make use of the findings from

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these investigations which will be presented to the community at the annual International Sail Training and Tall Ships Conference in 2020.

In addition to the above Sail Training International is collating existing research into sail training and outdoor education from around the world into a single resource point to make access to international research easier for its members and operator organisations. This is aided by a dedicated research stream of presentations and opportunities at each of our annual conferences.

a. 6. Financial review

The consolidated income of the Charity and its wholly owned trading subsidiary amounted to £1,319,509 (2018: £1,478,421). Expenditure during the period amounted to £1,564,294 (2018: £1,659,228). At the consolidated level this resulted in a reduction in reserves of £244,785 (2018: reduction in reserves £180,806). Reserves at the year-end stood at £722,098 (2018: £966,883).

For a breakdown of reserves between unrestricted and restricted funds please refer to note 21 of the Financial Statements.

Overall our trading activities made a surplus of £219,985 (2018: £23,310). This resulted from our main trading company, Tall Ships Races International Ltd, which made a loss of £93,449 in 2018. After taking account of the brought forward loss of £93,449 in Tall Ships Races International a Gift Aid payment of £126,536 was made to the Charity.

Our principal source of trading income during the period comes, as in prior years, from sponsorship income and Host Port fees drawn from long term contracts for our events.

Despite the increased Gift Aid payment over the previous year, the Trustees decided, with the approval of the Members, to continue with a modest increase in the level of expenditure on charitable activities recognising this would be funded from the Charity's reserves.

Taking into account this change the Trustees regard the results achieved as very satisfactory.

Enthusiasm among the sail training community for our events remains strong. The Trustees and Chief Executive are able to look ahead to Tall Ships Races and other events planned for the next few years and also to identify opportunities which may become available and any major operational and strategic challenges that may arise.

There are plans for events in place for the period to 2022, with a total of 22 ports involved. These events include races in the North Sea, the Iberian Sea and the Baltic Sea along with regattas in Europe and the Far East. We are encouraged by the ongoing support for our events from host ports which continue to consider our events to be a worthwhile economic proposition for them and their communities as well as promoting the involvement of young people in sail training.

Nevertheless, the Trustees' strategic plans include devoting resources via its subsidiary trading company to increase sponsorship income for its events and thereby increase the Gift Aid income to the Charity.

Sponsorship

To date we have been successful in contracting a sponsor for some, but not all, of our regattas and continue to seek a sponsor for The Tall Ships Races.

Our relationship with SCF Sovcomflot, a large Russian shipping company, has been particularly successful. It initially provided sponsorship for the Black Sea Tall Ships Regatta in 2014 and subsequently signed a new support agreement for a second Tall Ships Regatta in the Black Sea which took place in September 2016.

SCF Sovcomflot was also the title sponsor in relation to the Far East Tall Ships Regatta 2018 centred on Vladivostok. A second edition of this event is contracted to take place in 2020 with plans to visit ports in South Korea, Japan as well as Vladivostok.

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We have also continued to obtain sponsorship for our International Conference with the City of Seville providing assistance with the Conference in November 2018.

The Trustees have reviewed the longer term viability of the Charity in the light of the Gift Aid income from its trading subsidiary. This in turn is dependent upon the prospective host port fee income and contracted sponsorship income relating to events. Though recognising that sponsorship income is uncertain and volatile, the Trustees now have a strong focus on securing sponsorship funding for the coming years.

Risk Management and Reserves

The Trustees maintain a risk register and review the risks faced by the Charity and its subsidiary annually by carrying out a risk mapping exercise for both the Charity and its subsidiaries in accordance with the recommendations of the Charity Commission. The main risk to the Charity is considered to be the ongoing profitability of its subsidiaries which, via gift aid, provide its main source of income. To alleviate this risk the Trustees monitor the performance of the trading subsidiary on a regular basis including regular reports to the Trustees and CEO on all key events being organised by the subsidiary. The prime risk identified for the trading subsidiary is the potential failure to contract host ports and sponsors for future events. This risk is addressed by seeking to contract ports as far in advance as possible of each event and adjusting the Race Series to reflect the relevant ports once contracted. The Trustees recognise the risks relating to safety and safeguarding of young people and vulnerable adults in organising events and place high importance mitigating such risks.

By their very nature the Tall Ships Races take place in international waters and could be subject to political and other events outside our control. The Boards of the trading subsidiary and the Trustees therefore consider political and strategic risks when making decisions to organise events (particularly in new sea areas) and keep such issues under careful review on a regular basis

The Trustees have recently reviewed the Charity's reserves policy, and in particular have looked at some of the factors that determine our requirements for achieving and maintaining certain levels of 'free' reserves. It has been agreed that reserve requirements should continue to be monitored with reference to three levels:

1. minimum level to cover the cost of 'winding up' the organization in the event of all funding coming to an end (this would include the cost of redundancies, lease commitments, and meeting short term liabilities). Current reserves would already meet this requirement; this is estimated to be £150,000.
2. intermediate level to allow for the continuation of 'core' activities for a 6-9 month period in the event of significant reductions in funding and
3. higher level to provide an endowment to fund bursary support for young people, research to further the aims of the Charity, and special projects to pilot different ways of promoting the personal development of young people and fostering international friendship and understanding. Achieving this level is a longer-term strategy (5-10 years).

For the purposes of 2 above, 'free' reserves are taken to include unrestricted funds and restricted funds to the extent that they support 'core' project activities and do not contravene funders' restrictions.

The Trustees are always mindful of the fact that the Charity operates in a changing environment which is sensitive to shifts in international relations and economic success in different cities and regions. With this in mind they will review annually the need to designate funds to cover short term reductions in funding, necessary changes to operational activities or organisational infrastructure and the transition to new funding arrangements which have an impact on short term cash flow.

The Trustees review the policy on a yearly basis to ensure that an appropriate level of reserves is maintained within the Charity, in accordance with Charity Commission guidelines.

Investment Powers and Policy

Under its constitution, the Charity has the power to make any investment which the Trustees see fit. The Trustees, having regard to the risk and liquidity requirements of organising races and events and to the reserves policy, have operated a prudent policy of keeping balances in a range of mainly short-term

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instruments selected to generate the best returns, consistent with security.

b. 7. Structure, Governance and Management

As a result of the re-organisation implemented in 2015 the structure of the Group is as follows:

Sail Training International / the Charity

Sail Training International is a company limited by guarantee governed by its Memorandum and Articles of Association dated 4 March 2003 as amended in 2005. It is registered as a charity with the Charity Commission with Charity Number 1096846.

The **Members** of Sail Training International are the national or representative sail training organisations of:

Australia, Belgium, Bermuda, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Japan, Latvia, Lithuania, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, South Africa, Spain, Sweden, United Kingdom and United States of America.

The **Trustees** are responsible for policy making and are accountable for the Charity's activities and for ensuring that they are consistent with its charitable objectives. They are also responsible for managing the Charity's affairs and in this capacity appoint the Chief Executive and the directors of subsidiary companies. The Trustees receive no remuneration for their services.

The **Chairman** of the Trustees is directly elected by the Members for a three-year term but is eligible for re-election.

All **Trustees** are responsible for policy making and are accountable for the Charity's activities and for ensuring that they are consistent with its charitable objectives. They are also responsible for managing the Charity's affairs and in this capacity appoint the Chief Executive and the directors of subsidiary companies. The Trustees receive no remuneration for their services.

The Trustees also appoint the Boards of Directors of the trading subsidiary and set the terms of reference for other Committees and working groups.

In this context the Trustees and the Chief Executive regularly consider the nature of the skills required by the Charity and review the skillsets of existing appointees, both as Trustees and as Directors of the subsidiaries, having regard to those who may be retiring in the near future. The reconstruction of the Group in 2015 was also an opportunity to ensure that the trading subsidiary have Board Members suitable for the ongoing activities.

The Members are notified of the experience and skills requirements for new Trustees and are able to put forward candidates. They are also, prior to the next Annual General Meeting, provided with information on all Trustees who are seeking re-appointment or re-election at such meeting.

Many of the candidates for appointment as a Trustee will have a pre-existing connection with or knowledge of sail training but candidates are only put forward after the Trustees and the Company Secretary are satisfied that they understand their responsibilities and duties as a Trustee of a UK Charity. New Trustees are provided with such information as they require with the process and topics being tailored to each individual's background experience and knowledge. Trustees and Directors have access to the Company Secretary and from time to time receive additional training through attendance at workshops and seminars at International Conferences.

Many of the Trustees and Directors are active in and provide advice and assistance to the National Sail Training Organisation (NSTO), who are Members of the Charity, and other organisations within the sail training world.

The **Chief Executive** is responsible for the day to day management of the organisation's staff and co-ordinating the activities and achievement of the business plan and budget approved by the Trustees. He is in regular contact with the Chairs of the Charity and its subsidiaries concerning contractual and regulatory matters and attends all Trustees meetings and meetings of the subsidiary boards.

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Committees and Working Groups

The **International Council** comprises a representative of each Member and other individuals, up to a third of the total International Council, who are nominated by the Trustees for their particular expertise and experience and must be approved by the International Council. Trustees are also entitled to attend such meetings but have no vote. The purpose of the International Council is to act as an advisory body to the Trustees and contribute to policies and projects for implementation by the Charity and the trading subsidiary.

The **Governance and Audit Committee** represents Members' interests by providing oversight of the accounting and other systems and policies of the Charity and its trading subsidiary. The Committee has independent access to the auditors, and to the staff and records of the Charity and its subsidiaries. The Committee includes at least one independent person who is either a Trustee or chief executive of another UK Charity operating in a different field, to provide objectivity and external experience.

The **Ships' Council** was created as an advisory group and is open to all Tall Ship Operators who are involved with our events. The aspects considered by the Council include regulatory, operational and safety matters and other issues and future plans for the participation of Tall Ships in our events. A representative of the Trustees attends its meetings and reports back to the Trustees and the International Council.

The **Youth Council** assists the Trustees to identify and take account of the views of young people, already active in the sail training world, in developing strategies and activities for the future. Each of the Members is entitled to nominate a representative and a Trustee is responsible for liaison between the Trustees and STI Youth Council. The Chair of STI Youth Council reports directly to each International Council meeting.

The **Port Advisory Group** acts as conduit for the Charity and its trading company to receive input on its activities and events from this important stakeholder group.

All members of the above Committees and Working Groups are volunteers. In addition, the Trading Companies rely upon a dedicated cadre of volunteers to help deliver their events.

Subsidiary Companies

The Charity has two wholly-owned subsidiaries which are separate companies to carry out different activities and which through Gift Aid pass all surplus income to the Charity to assist in enabling it to fulfil its objectives.

The Chief Executive is a Director of each trading subsidiary and, with the other Directors, responsible for managing their activities.

The remuneration for the CEO and other key employees is set by the Trustees having taken account of the ACEVO survey of executive pay awards, the current Cost of Living and other relevant indices. A majority of the directors of the trading subsidiary are unpaid volunteers.

Tall Ships Races International Limited is responsible for staff and office infrastructure, the provision of financial and other services, managing publicity activities and materials, and organising the majority of the Tall Ships Races and seminars. It has particular responsibility for the race organisation and appoints a Race Operations Committee for each race series to provide advice on maritime and safety issues. Its objectives are set by the Trustees of the Charity.

Tall Ships International Limited is responsible for organising other races and events worldwide that involve North America, including consultancy contracts. As there are no events under contract that fall into this category the company was made dormant during the year.

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TRUSTEES' REPORT (continued)
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a. 8. Financial Statements

The Trustees are responsible for preparing the Trustees' Report and financial statements for each financial period in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring that such financial statements give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are aware of the Charity Commission's Governance Code and are reviewing the Charity's governance in light of the code. The seven principles set out in the code form part of the governance and decision making processes of the Trustees including, having clear aims and effective leadership, monitoring risk, having an effective board with a balance of skills and experience, recognising the need for diversity and by being accountable to its members and stakeholders.

So far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Trustees have taken all 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.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

This report was approved by the Trustees, on 4 Oct 2019 and signed on their behalf by:



.....
G Brown,
Company Secretary

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF SAIL TRAINING INTERNATIONAL

OPINION

We have audited the financial statements of Sail Training International (the 'parent charity') and its subsidiaries (the 'Group') for the year ended 31 March 2019 set out on pages 15 to 34. 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 of the parent charitable company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources, including its income and expenditure 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 Companies Act 2006 and 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF SAIL TRAINING INTERNATIONAL

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent Charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Group Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they 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 the parent charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF SAIL TRAINING INTERNATIONAL

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 Auditors' 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 Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Charity's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charity's Trustees, as a body, 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Louise Hallsworth FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP
Date: 4/11/2010

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:					
Donations and legacies	4	1,810	46,303	48,113	222,595
Charitable activities	7	825,555	-	825,555	1,036,737
Generating funds	5	437,938	-	437,938	213,392
Investments	6	7,903	-	7,903	5,697
TOTAL INCOME		1,273,206	46,303	1,319,509	1,478,421
EXPENDITURE ON:					
Charitable activities	8	1,504,904	59,389	1,564,293	1,659,228
TOTAL EXPENDITURE		1,504,904	59,389	1,564,293	1,659,228
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(231,698)	(13,086)	(244,784)	(180,807)
NET MOVEMENT IN FUNDS		(231,698)	(13,086)	(244,784)	(180,807)
RECONCILIATION OF FUNDS:					
Total funds brought forward		768,229	198,654	966,883	1,147,690
TOTAL FUNDS CARRIED FORWARD		536,531	185,568	722,099	966,883

The notes on pages 19 to 34 form part of these financial statements.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 04686048

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	15		15,808		25,611
CURRENT ASSETS					
Debtors	17	231,735		124,733	
Cash at bank and in hand		1,485,481		1,924,583	
		1,717,216		2,049,316	
CREDITORS: amounts falling due within one year	18	(678,733)		(839,844)	
NET CURRENT ASSETS			1,038,483		1,209,472
TOTAL ASSETS LESS CURRENT LIABILITIES			1,054,291		1,235,083
CREDITORS: amounts falling due after more than one year	19		(332,192)		(268,200)
NET ASSETS			722,099		966,883
CHARITY FUNDS					
Restricted funds	21		185,568		198,654
Unrestricted funds	21		536,531		768,229
TOTAL FUNDS			722,099		966,883

The Charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 4th Oct 2019 and signed on their behalf, by:


.....
J Cheshire (UK), Chairman

The notes on pages 19 to 34 form part of these financial statements.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 04686048

CHARITY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	15		15,808		25,611
Investments	16		5		2
			<u>15,813</u>		<u>25,613</u>
CURRENT ASSETS					
Debtors	17	65,534		281,753	
Cash at bank		660,866		987,249	
		<u>726,400</u>		<u>1,269,002</u>	
CREDITORS: amounts falling due within one year	18	(20,114)		(234,282)	
NET CURRENT ASSETS			<u>706,286</u>		<u>1,034,720</u>
NET ASSETS			<u>722,099</u>		<u>1,060,333</u>
CHARITY FUNDS					
Restricted funds	21		185,568		198,657
Unrestricted funds	21		536,531		861,676
TOTAL FUNDS			<u>722,099</u>		<u>1,060,333</u>

The Charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 4th Oct 2019 and signed on their behalf, by:



J Cheshire (UK), Chairman

The notes on pages 19 to 34 form part of these financial statements.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	23	<u>(435,807)</u>	<u>(330,601)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(3,295)</u>	<u>(10,634)</u>
Net cash used in investing activities		<u>(3,295)</u>	<u>(10,634)</u>
Change in cash and cash equivalents in the year		(439,102)	(341,235)
Cash and cash equivalents brought forward		<u>1,924,583</u>	<u>2,265,818</u>
Cash and cash equivalents carried forward	24	<u><u>1,485,481</u></u>	<u><u>1,924,583</u></u>

The notes on pages 19 to 34 form part of these financial statements.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Sail Training International meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Sail Training International and all of its subsidiary undertakings ('subsidiaries').

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Charity and its subsidiaries. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006.

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

The income and expenditure account for the year dealt with in the accounts of the Charity was £338,234 deficit (as restated 2018 - £87,551 deficit).

1.3 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 Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

The Group organises annual races from European ports and one off races and other events in other parts of the world. The host ports for each annual race in Europe contract with the Group up to four years before the race takes place and make annual payments on account. The Group is engaged in planning and marketing activities throughout the four year period for each race. Accordingly the Group recognises as income part of the port fees received in each of the years leading up to the race, the balance being taken in the year the race is held.

The Group organises races and events in other geographical areas which generally have a shorter lead time. To recognise the larger initial costs involved in these one-off races or events the company takes to income an amount to cover its costs in each year prior to the race, the balance being taken in the year of the race.

The Group seeks sponsorship income for its races and events. Where such income is received it is recognised in the year of the race or event to which it relates.

The Group organises an annual conference. Income is received from delegates attending the conference and from organisations sponsoring the conference. All such income is taken in the year that the conference takes place.

Any income from donations received by the charity is recognised in the period in which they are received.

The value of services provided by volunteers is not incorporated in these accounts as the economic benefit cannot be measured reliably.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Head Office.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.6 Allocated overheads

All salaries and overheads for the Charity are paid by Tall Ships Races International Limited, which makes an overhead allocation charge to the Charity and each trading subsidiary. This charge is based upon estimates of time and costs spent in relation to the activities of the Charity and each trading subsidiary.

1.7 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	- 5 years straight line
Computer equipment	- 3 years straight line

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment

1.9 Operating leases: the Group as lessee

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.10 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.12 Taxation

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

The subsidiary companies are liable to corporation tax to the extent that their profits are not gifted to the Charity.

1.13 Debtors

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

1.14 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Creditors and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.16 Financial instruments

The Charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.17 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES (continued)

1.18 Pensions

Defined Contribution Scheme

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Revenue recognition and deferred income

The Group recognises revenue in line with its accounting policy detailed at note 1.4 and where income relates to more than one financial period, it is spread across those periods. Any difference between amounts received and costs incurred is classed as deferred income and the balance is released in the year in which the associated event occurs.

3. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	1,810	46,303	48,113	55,106
Legacies	-	-	-	167,489
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	1,810	46,303	48,113	222,595
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2018	7,644	214,951	222,595	
	<hr/>	<hr/>	<hr/>	

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. INCOME FROM GENERATING FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	2,877	-	2,877	13,392
Sponsorship income	435,061	-	435,061	200,000
	<u>437,938</u>	<u>-</u>	<u>437,938</u>	<u>213,392</u>
Total 2018	<u>213,392</u>	<u>-</u>	<u>213,392</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	7,903	-	7,903	5,697
	<u>7,903</u>	<u>-</u>	<u>7,903</u>	<u>5,697</u>
Total 2018	<u>5,697</u>	<u>-</u>	<u>5,697</u>	

7. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Organisation of Tall Ships Races	757,470	-	757,470	960,563
Annual conference	68,085	-	68,085	76,174
	<u>825,555</u>	<u>-</u>	<u>825,555</u>	<u>1,036,737</u>
Total 2018	<u>1,036,737</u>	<u>-</u>	<u>1,036,737</u>	

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Tall Ships Races	1,127,223	108,516	1,235,739	1,295,626
Conference	117,872	-	117,872	129,022
Project and bursary costs	148,621	-	148,621	167,283
Governance costs	58,540	3,522	62,062	67,295
	<u>1,452,256</u>	<u>112,038</u>	<u>1,564,294</u>	<u>1,659,226</u>
Total 2019	<u>1,452,256</u>	<u>112,038</u>	<u>1,564,294</u>	<u>1,659,226</u>
Total 2018	<u>1,539,218</u>	<u>120,008</u>	<u>1,659,226</u>	

9. SUPPORT COSTS

	Tall Ships Races 2019 £	Governance 2019 £	Total 2019 £	Total 2018 £
Office costs	66,786	2,782	69,568	55,512
Postage, printing and communications	17,747	740	18,487	20,400
Exchange losses / (gains)	10,887	-	10,887	32,006
Loss on disposal of fixed assets	363	-	363	-
Depreciation	12,733	-	12,733	12,090
	<u>108,516</u>	<u>3,522</u>	<u>112,038</u>	<u>120,008</u>
Total 2018	<u>120,008</u>	<u>-</u>	<u>120,008</u>	

10. GOVERNANCE COSTS

	2019 £	2018 £
Legal and professional	10,998	10,643
Audit fees	9,000	15,000
Other accounting fees	9,035	3,000
IT costs	1,102	933
Staff and support costs	31,927	37,719
	<u>62,062</u>	<u>67,295</u>
Total	<u>62,062</u>	<u>67,295</u>

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES - CHARITY

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	2018 £
Travel and administration	71,840	267,013	338,853	297,391
Conference	117,872	-	117,872	5,000
Project costs	135,836	-	135,836	133,146
Governance	-	697	697	363
Total	325,548	267,710	593,258	435,900

12. SUPPORT COSTS - CHARITY

	Tall Ships Races 2019 £	Total 2019 £	2018 £
Office costs	248,307	248,307	170,391
Postage, printing and communications	274	274	961
Exchange losses/(gains)	5,336	5,336	12,837
Loss on disposal of fixed assets	363	363	-
Depreciation	12,733	12,733	12,089
Total	267,013	267,013	196,278

13. NET INCOME / EXPENDITURE

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets: - owned by the charitable group	12,739	12,090
Auditors' remuneration - audit	9,000	13,400
Auditors' remuneration - other services	5,200	4,200
Operating lease rentals	24,286	18,134

Auditors' fees for the charity were £2,880 (2018 - £5,000)

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, 10 Trustees received reimbursed expenses of £11,890 (period ended 2018: 9 Trustees were reimbursed £16,523).

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. STAFF COSTS

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	492,647	480,093
Social security costs	43,255	44,564
Other pension costs	45,777	46,135
	<u>581,679</u>	<u>570,792</u>

The average number of persons employed by the Charity during the year was as follows:

	2019 No.	2018 No.
Charitable activities	9	9
Administration	3	3
	<u>12</u>	<u>12</u>

The number of higher paid employees was:

	2019 No.	As restated 2018 No.
In the band £70,001 - £80,000	1	1

The executive management personnel of the parent charity and the Group comprise Trustees, the Chief Executive Officer, Head of Race Directorate, Director of Marketing and Communications and the Commercial Director. The salary costs of the executive management personnel for the year ended 31 March 2019 were £253,269 (2018: £293,866).

SAIL TRAINING INTERNATIONAL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. TANGIBLE FIXED ASSETS

Group	Office equipment £	Computer equipment £	Bicycles £	Total £
Cost				
At 1 April 2018	34,597	50,107	422	85,126
Additions	609	2,688	-	3,297
Disposals	(12,381)	(28,667)	-	(41,048)
At 31 March 2019	22,825	24,128	422	47,375
Depreciation				
At 1 April 2018	23,284	35,809	422	59,515
Charge for the year	4,580	8,159	-	12,739
On disposals	(12,381)	(28,306)	-	(40,687)
At 31 March 2019	15,483	15,662	422	31,567
Net book value				
At 31 March 2019	7,342	8,466	-	15,808
As restated at 31 March 2018	11,313	14,298	-	25,611

Charity	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2018	34,597	50,107	84,704
Additions	609	2,688	3,297
Disposals	(12,381)	(28,667)	(41,048)
At 31 March 2019	22,825	24,128	46,953
Depreciation			
At 1 April 2018	23,284	35,809	59,093
Charge for the year	4,580	8,159	12,739
On disposals	(12,381)	(28,306)	(40,687)
At 31 March 2019	15,483	15,662	31,145
Net book value			
At 31 March 2019	7,342	8,466	15,808
At 31 March 2018	11,313	14,298	25,611

SAIL TRAINING INTERNATIONAL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Charity	
Cost	
At 1 April 2018	2
Additions	3
	<hr/>
At 31 March 2019	5
	<hr/> <hr/>

17. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	163,415	57,785	-	-
Amounts owed by group undertakings	-	-	23,514	281,753
Other debtors	7,904	17,731	-	-
Prepayments and accrued income	60,416	30,259	42,020	-
Deferred tax asset (see note 20)	-	18,958	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	231,735	124,733	65,534	281,753
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Charity</u>	
	2019 £	As restated 2018 £	2019 £	2018 £
Trade creditors	25,898	46,816	-	-
Amounts owed to group undertakings	-	-	4	218,994
Corporation tax	281	-	-	-
Other taxation and social security	11,325	15,187	-	-
Other creditors	-	9,247	-	-
Accruals and deferred income	641,229	768,594	20,110	15,288
	<hr/>	<hr/>	<hr/>	<hr/>
	678,733	839,844	20,114	234,282
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SAIL TRAINING INTERNATIONAL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. CREDITORS: Amounts falling due after more than one year

	<u>Group</u>		<u>Charity</u>	
	2019	2018	2019	2018
	£	£	£	£
Accruals and deferred income	332,192	268,200	-	-

20. DEFERRED TAXATION

	<u>Group</u>		<u>Charity</u>	
	2019	2018	2019	2018
	£	£	£	£
At beginning of year	18,958	7,904	-	-
(Charge for)/released during the year (P&L)	(18,958)	11,054	-	-
At end of year	-	18,958	-	-

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Charity</u>	
	2019	2018	2019	2018
	£	£	£	£
Short term timing differences	-	1,701	-	-
Losses and other deductions	-	17,257	-	-
	-	18,958	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Balance at 31 March 2019 £
Unrestricted funds				
General Funds - all funds	768,229	1,273,206	(1,504,904)	536,531
Restricted funds				
Sultan of Oman bursary fund	36,375	42,020	(40,616)	37,779
Ross MacDonald fund	3,911	-	-	3,911
Aalborg Kommune fund	2,700	4,283	(4,438)	2,545
Canadian Legacy fund	155,668	-	(14,335)	141,333
	198,654	46,303	(59,389)	185,568
Total of funds	966,883	1,319,509	(1,564,293)	722,099

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
Unrestricted funds				
General Funds- all funds	1,103,762	1,263,470	(1,599,003)	768,229
Restricted funds				
Sultan of Oman bursary fund	38,982	43,107	(45,714)	36,375
Ross MacDonald fund	3,911	-	-	3,911
Aalborg Kommune fund	1,034	4,355	(2,689)	2,700
Canadian Legacy fund	-	167,489	(11,821)	155,668
	43,927	214,951	(60,224)	198,654
Total of funds	1,147,689	1,478,421	(1,659,227)	966,883

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	15,808	-	15,808
Current assets	1,531,648	185,568	1,717,216
Creditors due within one year	(678,733)	-	(678,733)
Creditors due in more than one year	(332,192)	-	(332,192)
	<u>536,531</u>	<u>185,568</u>	<u>722,099</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	25,611	-	25,611
Current assets	1,850,662	198,654	2,049,316
Creditors due within one year	(839,844)	-	(839,844)
Creditors due in more than one year	(268,200)	-	(268,200)
	<u>768,229</u>	<u>198,654</u>	<u>966,883</u>

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<u>2019</u> £	<u>Group</u> 2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(244,784)	(180,807)
Adjustment for:		
Depreciation charges	12,739	12,089
(Increase)/decrease in debtors	(107,005)	221,136
Decrease in creditors	(96,757)	(383,019)
Net cash used in operating activities	<u>(435,807)</u>	<u>(330,601)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2019	2018
	£	£
Cash in hand	1,485,481	1,924,583
Total	1,485,481	1,924,583

25. PENSION COMMITMENTS

The Group operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £44,172 (2018: £40,535). Contributions totalling £Nil (2018: £2,843) were payable to the fund at the balance sheet date and are included in other creditors.

26. OPERATING LEASE COMMITMENTS

At 31 March 2019 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings	
Group	2019	2018
	£	£
Amounts payable:		
Within 1 year	22,787	16,287
Between 1 and 5 years	74,750	55,287
After more than 5 years	-	10,833
Total	97,537	82,407

At 31 March 2019 the Charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
Charity	2019	2018
	£	£
Amounts payable:		
Within 1 year	22,787	16,287
Between 1 and 5 years	74,750	55,287
After more than 5 years	-	10,833
Total	97,537	82,407

27. RELATED PARTY TRANSACTIONS

Ross MacDonald, a trustee, made a donation in 2008 to the charity of £10,000 for the provision of bursaries to young people. As at 31 March 2019, £3,911 (2018: £3,911) of this donation remained unspent and is included within restricted reserves.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

28. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage shareholding %
Tall Ships Races International Limited (TSRI)	UK	100
Tall Ships International (TSI)	UK	100
Tall Ships Races (Europe) Limited (TSRE)	UK	100
Tall Ships Overseas Limited (TSO)	UK	100
Sail On Board Limited (SOB)	UK	100

	TSRI £	TSI £	TSRE £	TSO £	SOB £
Year ended 31 March 2019					
Turnover	1,432,200	-	-	-	-
Cost of sales & administration expenses	(1,194,470)	-	-	-	-
Net Interest receivable/(payable)	1,494	-	-	-	-
Tax on profit/(loss)	(19,239)	-	-	-	-
Net profit/(loss)	126,537	-	-	-	-
Amount gifted to Charity	(126,536)	-	-	-	-
Profit/(loss) for the financial year	93,449	-	-	-	-

	TSRI £	TSI £	TSRE £	TSO £	SOB £
Year ended 31 March 2019					
Tangible fixed assets	-	-	-	-	-
Current assets	1,014,330	1	1	1	1
Current liabilities	(682,137)	-	-	-	-
Long term liabilities	(332,192)	-	-	-	-
Equity	1	1	1	1	1