

**THE SAIL TRAINING ASSOCIATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**28 FEBRUARY 1998**

# THE SAIL TRAINING ASSOCIATION

## FINANCIAL STATEMENTS

For the year ended 28 February 1998

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# THE SAIL TRAINING ASSOCIATION

## FINANCIAL STATEMENTS

For the year ended 28 February 1998

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### LEGAL AND ADMINISTRATIVE DETAILS

Company registration number 567460

Charity registration number: 314229

Registered office: 2A The Hard  
Portsmouth  
Hampshire  
PO1 3PT

Patron: His Royal Highness The Prince Philip Duke of Edinburgh K G

Vice Patrons: Captain D E Bromley-Martin, R N  
Mr W F Cartwright, C B E (deceased May 1998)  
Captain R P S Collins (deceased May 1998)  
Mr M A C Drummond, OBE, D L, J P  
Kapitan z S A D Hans Engel  
Gen Sir Patrick Howard - Dobson, G C B  
Colonel R G F Scholfield  
Mr B A Stewart  
Vice Admiral Sir George Vallings, K C B

Council of Management: President: Sir Robin Knox-Johnston C B E, R D\*  
Vice President: Lord Greenway  
Mrs J M Bielak  
Mr P Creek (retired January 1998)  
Brigadier P R Duchesne O B E  
Mr B M Evans  
Commodore G R Cooper O B E, RD\*, FNI, RNR  
Sir Michael Harrison Bt JP  
Mr J A Hornsby (retired September 1997)  
Captain P W Love  
Mr P J H Scott  
Mr I W Fairclough  
Mrs J A Fairey (retired September 1997)  
Colonel D E King O B E  
Mrs S Williams  
Mr J G Parkes C B E  
Mr E B Lincoln D L (deceased December 1997)  
Mr A C Salvesen  
Mr J C Douglas  
Mr D H Langridge  
Mr C R J Lee R D\*

**THE SAIL TRAINING ASSOCIATION**

**FINANCIAL STATEMENTS**

For the year ended 28 February 1998

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**LEGAL AND ADMINISTRATIVE DETAILS (CONTINUED)**

Secretary:	K M Robinson
Bankers:	Royal Bank of Scotland Plc Messrs Hoare and Co.
Solicitors:	Hardwick Stallards Centurion House 37 Jewry Street London EC3N 2EX
Auditors:	Grant Thornton Registered auditors Chartered accountants Enterprise House Isambard Brunel Road Portsmouth Hampshire PO1 2RZ

# THE SAIL TRAINING ASSOCIATION

## REPORT OF THE TRUSTEES

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The trustees present their report together with the financial statements for the year ended 28 February 1998.

### Objectives and policies

The governing documents of the Charity are the Memorandum and Articles of Association.

The principal activities of the Association have continued to be the provision of facilities for young people to go to sea in our Schooners and the organisation of sail training races to bring together young people of all nations.

### Organisation

The operations of the charity are devolved upon limited companies, STA Tall Ships Ltd and International STA Ltd which are wholly owned subsidiaries of the The Sail Training Association and a third limited company, Tall Ships 2000 Ltd which is a wholly owned subsidiary of International STA Ltd.

### Investment powers

To invest the moneys of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed or required by law and subject also as here in after provided per the Articles of Association.

### Financial review

The international and national activities of the group made further progress during the year. There was a group surplus of £177,072 (1997: £511,822) before funds transfer and asset revaluation. Both subsidiary companies made a profit. Two 48m steel hulls were purchased during the year for completion as Barques, which will eventually replace the Schooners.

### Funding

The Trustees are satisfied that the charity's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

### Connected charities

The following charities are connected with The Sail Training Association

Name	Address	Nature of relationship
James Myatt Memorial Fund	5 Mumby Road, Gosport, Hants	Trustees in common
Tall Ships International	5 Mumby Road, Gosport, Hants	Trustees in common
Friends of STA	37 Jewry Street, London	Supporting charity

# THE SAIL TRAINING ASSOCIATION

## REPORT OF THE TRUSTEES (CONTINUED)

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### Directors

For the purposes of company law, the members of the Council of Management listed on page 1 are the directors of the company. The charity is administered under the control of the Council of Management who may be regarded as the Trustees of the Charity. The Council of Management is elected by resolution of the Company in the general meeting.

All directors served throughout the year except as otherwise stated.

### Trustees' responsibilities for the financial statements

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of financial activities of the charitable company and its subsidiaries during the year and of their financial position at the end of the year. In preparing those financial statements, the trustees should follow best practice and:

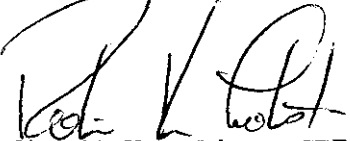
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained 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 proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and its subsidiaries and which enable them to ascertain their financial position and to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and regulations thereunder. They are also responsible for safeguarding the assets of the charitable company and its subsidiaries and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE TRUSTEES



Sir Robin Knox-Johnston CBE, RD\*  
President of the Council

17 July 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
THE SAIL TRAINING ASSOCIATION**

We have audited the financial statements on pages 6 to 24 which have been prepared under the accounting policies set out on pages 6 to 8.

**Respective responsibilities of directors/trustees and auditors**

As described on page 4 the directors who also act as trustees for the charitable activities of The Sail Training Association are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

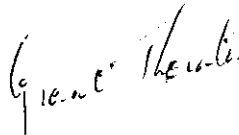
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and its subsidiaries as at 28 February 1998 and of their incoming resources and application of resources, including their income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**PORTSMOUTH  
17 July 1998**

# **THE SAIL TRAINING ASSOCIATION**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice: Accounting by Charities (the SORP) issued in October 1995, except that no depreciation is provided on the Schooners as noted below. They have been prepared under the historical cost convention except that:

- (i) investments are valued at market value (see below);
- (ii) the charity's main assets, being two Sailing ships, are shown at their market value.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the charity and of its subsidiary undertakings (see note 10) drawn up to 28 February 1998.

The results of the charity's non charitable trading subsidiaries, International STA Limited, STA Tall Ships Limited and Tall Ships 2000 Limited have been incorporated on a line by line basis. Surpluses or deficits on intra group transactions are eliminated in full.

### **BRANCHES**

The financial statements of the charity incorporate those of all funds and branches which are governed by the terms of the Memorandum and Articles of Association. The branches of the charity prepared accounts to 31 December 1997.

### **INCOME**

#### **Voyage and Port Fees**

These are accounted for in the year in which the event takes place, except that in respect of the race being organised in the year 2000, port contributions have been accounted for to the extent that expenditure has been incurred in respect of that particular race.

#### **Donations and gifts**

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Legacies to which the charity is entitled are included in the statement of financial activities unless they are incapable of measurement.

Intangible income is valued and included in income to the extent that it represents goods or services which would otherwise be purchased. An equivalent amount is charged as expenditure. Voluntary help is not included as income.

Life subscriptions are counted in full when received.



# **THE SAIL TRAINING ASSOCIATION**

## **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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Donations under deed of covenant together with the associated income tax recoveries are credited as income when the donations are received.

### **Grants receivable**

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

### **Investment income**

Investment income, including associated income tax recoveries, is recognised when receivable.

## **EXPENDITURE**

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the charity's objectives (direct charitable);
- expenditure incurred directly in the effort to raise voluntary contributions (fund-raising and publicity); and
- expenditure incurred in the management and administration of the charity.

## **FUND ACCOUNTING**

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees.

## **DEPRECIATION**

The Charity's two Schooners are stated at estimated open market value.

No depreciation is provided for the following reasons:-

- both Schooners were originally gifted to the Association;
- the Association's policy is to provide for the maintenance of the Schooners but not for their replacement out of operating revenue;
- the Association's policy is to obtain market valuations for the Schooners every year, and to adjust the value of the Schooners in the accounts accordingly.

New ship costs capitalised are not being depreciated whilst the ship's are being constructed.

## **THE SAIL TRAINING ASSOCIATION**

### **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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Depreciation is calculated on all other tangible fixed assets to write down the cost or valuation less estimated residual value by annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures fittings and equipment	100%
Motor vehicles	25% reducing balance
Computers	20% straight line

#### **INVESTMENTS**

Assets held for investment purposes are valued at market value at the Balance Sheet date.

Traded securities are valued at the mid-point quotation in the Stock Exchange Daily List.

Other investment assets are included at valuers' best estimate of market value.

#### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

#### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the statement of financial activities.

#### **CONTRIBUTIONS TO PENSION FUNDS**

##### **Defined Contribution Scheme**

The pension costs charged in the year represent the amount of the contributions payable to the scheme in respect of the accounting period.

##### **Defined Benefit Scheme**

The pension costs charged in the year are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

#### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of financial activities over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

# THE SAIL TRAINING ASSOCIATION

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 28 February 1998

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 1998 £	Total 1997 £
<b>Incoming resources</b>						
Trading activities						
Voyage fees and other ship income		899,443	(6,981)	-	892,462	830,221
Port fees and port contributions		248,847	-	-	248,847	161,682
Souvenir sales		32,069	-	-	32,069	18,219
Donations appeals and subscriptions		461,354	179,389	-	640,743	571,320
Grants	1	1,198	41,448	-	42,646	241,945
Investment income	2	47,981	1,554	1,759	51,294	51,853
Miscellaneous income		14,162	1,857	-	16,019	12,610
<b>Total incoming resources</b>		<u>1,705,054</u>	<u>217,267</u>	<u>1,759</u>	<u>1,924,080</u>	<u>1,887,850</u>
<b>Resources expended</b>						
Direct charitable expenditure	4	1,008,921	169,336	-	1,178,257	1,213,794
Advertising, publicity and fundraising		130,011	-	-	130,011	124,421
Management and administration		414,858	23,579	-	438,437	415,266
<b>Total resources expended</b>	5	<u>1,553,790</u>	<u>192,915</u>	<u>-</u>	<u>1,746,705</u>	<u>1,753,481</u>
<b>Net incoming resources before payment to other charity</b>		151,264	24,352	1,759	177,375	134,369
Payment to charity		-	-	(303)	(303)	(82,547)
<b>Net incoming/(outgoing) resources before transfers</b>		151,264	24,352	1,456	177,072	51,822
Transfers between funds		(90,640)	90,640	-	-	-
<b>Net incoming/(outgoing) resources for the year</b>		60,624	114,992	1,456	177,072	51,822
Unrealised (Loss)/Gains on investment assets		(403)	-	(62)	(465)	11,666
<b>Net movement in funds</b>		60,221	114,992	1,394	176,607	63,488
Fund balances brought forward at 1 March 1997		<u>1,131,840</u>	<u>63,971</u>	<u>30,051</u>	<u>1,225,862</u>	<u>1,162,374</u>
<b>Fund balances carried forward at 28 February 1998</b>		<u>1,192,061</u>	<u>178,963</u>	<u>31,445</u>	<u>1,402,469</u>	<u>1,225,862</u>

The accompanying accounting policies and notes form an integral part of these financial statements

# THE SAIL TRAINING ASSOCIATION

## CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 28 February 1998

	Note	1998 £	1997 £
Gross income from charity		326,622	470,169
Gross income from trading activities of subsidiaries	3	<u>1,595,699</u>	<u>1,415,752</u>
Total income		1,922,321	1,885,921
Total expenditure	5	<u>1,746,705</u>	<u>1,753,481</u>
Net income for the year before transfers		175,616	132,440
Payment to charity		<u>-</u>	<u>82,164</u>
Net income/(expenditure) for the year		<u><u>175,616</u></u>	<u><u>50,276</u></u>

Total income comprises £1,705,054 (1997: £1,561,043) for unrestricted funds and £217,267 (1997: £324,878) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Turnover of non-charitable trading activities amounted to £1,595,699 (1997: £1,415,752). A detailed analysis of trading results is shown in note 3.

Detailed analysis of expenditure is provided in the statement of financial activities and note 5.

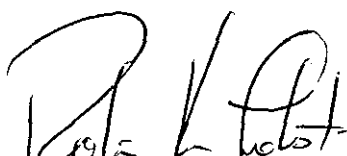
The summary income and expenditure account is derived from the statement of financial activities on page 9 which, together with the notes on pages 13 to 25, provides full information on the movements during the year on all the funds of the charity.

# THE SAIL TRAINING ASSOCIATION

## CONSOLIDATED BALANCE SHEET AT 28 FEBRUARY 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	9	2,258,806	725,634
Investments	10	53,508	56,688
		<u>2,312,314</u>	<u>782,322</u>
<b>Current assets</b>			
Stocks	11	22,485	23,295
Debtors	12	134,761	129,912
Investments	13	30,000	496
Cash at bank and in hand		862,684	665,131
		<u>1,049,930</u>	<u>818,834</u>
Prepayments and accrued income	12	20,677	47,824
		<u>1,070,607</u>	<u>866,658</u>
<b>Creditors: amounts falling due within one year</b>	14	489,931	423,118
<b>Net current assets</b>		<u>580,676</u>	<u>443,540</u>
<b>Total assets less current liabilities</b>		2,892,990	1,225,862
<b>Creditors: amounts falling due after one year</b>	15	1,490,521	-
		<u>1,402,469</u>	<u>1,225,862</u>
<b>Capital</b>	18	100,000	100,000
<b>Revaluation reserve</b>	18	360,000	360,000
<b>Capital funds</b>			
Endowments	16	31,445	30,051
<b>Income funds</b>			
Restricted funds	17	178,963	63,971
Unrestricted funds:			
Designated funds	18	363,590	343,583
Non-charitable trading funds	18	368,471	328,257
		<u>1,402,469</u>	<u>1,225,862</u>

The financial statements were approved by the Council of Management on 17 July 1998.



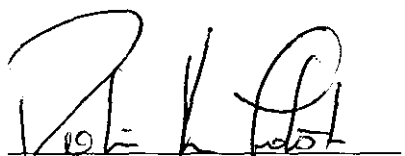
Sir Robin Knox-Johnston CBE, RD\* - President of the Council

# THE SAIL TRAINING ASSOCIATION

## BALANCE SHEET AT 28 FEBRUARY 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	9	2,254,298	719,626
Investments	10	<u>212,910</u>	<u>216,090</u>
		<u>2,467,208</u>	<u>935,716</u>
<b>Current assets</b>			
Debtors	12	232,126	163,088
Cash at bank and in hand		<u>331,782</u>	<u>268,361</u>
		563,908	431,449
Prepayments and accrued income	12	<u>35</u>	<u>374</u>
		<u>563,943</u>	<u>431,823</u>
<b>Creditors: amount falling due within one year</b>	14	129,232	60,310
<b>Net current assets</b>		<u>434,711</u>	<u>371,513</u>
<b>Total assets less current liabilities</b>		2,901,919	1,307,229
<b>Creditors: amounts falling due after one year</b>	15	<u>1,490,521</u>	<u>-</u>
		<u>1,411,398</u>	<u>1,307,229</u>
<b>Capital</b>	18	100,000	100,000
<b>Revaluation reserve</b>	18	360,000	360,000
<b>Capital funds</b>			
Endowments	16	31,445	30,051
<b>Income funds</b>			
Restricted funds	17	178,963	63,971
Unrestricted funds:			
Designated funds	18	363,590	343,583
Non-charitable trading funds	18	<u>377,400</u>	<u>409,624</u>
		<u>1,411,398</u>	<u>1,307,229</u>

The financial statements were approved by the Council of Management on 17 July 1998



Sir Robin Knox-Johnston CBE, RD\* - President of the Council

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 1998

### 1 GRANTS

	1998 Restricted £	1997 Restricted £
Grants receivable in the year	42,646	241,945
Credit for the year	42,646	241,945
Grant income deferred at 28 February 1998	-	-

Material grants receivable during the year were as follows:

Category	Source	1998 £	1997 £
Training	Department of Education	25,198	31,065
New ship	Teesside Development Corporation	16,250	210,880
		41,448	241,945

### 2 INVESTMENT INCOME

	1998 £	1997 £
Investment income comprises income from:		
Listed investments	1,204	540
Bank deposits	50,090	51,313
	51,294	51,853

### 3 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

A summary of the results of the trading subsidiaries is set out below:

	STA Tall Ships Ltd £	International STA Group £	Total 1998 £	Total 1997 £
Turnover	1,215,936	379,763	1,595,699	1,415,752
Operating charges	(1,209,441)	(244,344)	(1,453,785)	(1,303,801)
	6,495	135,419	141,914	111,951
Interest receivable/(payable)	1,377	13,947	15,324	(466)
Net profit	7,872	149,366	157,238	111,485
Covenanted payment to:				
The Sail Training Association	(9,020)	(75,780)	(84,800)	(81,438)
Tall Ships International	-	-	-	(51,399)
Retained in subsidiary	(1,148)	73,586	72,438	(21,352)

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 4 DIRECT CHARITABLE EXPENDITURE

#### Other direct expenditure

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 1998 £	Total 1997 £
Ships costs	849,718	3,471	-	853,189	761,994
Races costs	75,563	-	-	75,563	176,396
Refit costs	403	84,597	-	85,000	53,000
New ship	-	81,268	-	81,268	222,404
	<u>925,684</u>	<u>169,336</u>	<u>-</u>	<u>1,095,020</u>	<u>1,213,794</u>

### 5 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	Total 1998 £	Total 1997 £
<b>Direct charitable expenditure</b>					
Provision of services	485,344	1,500	691,413	1,178,257	1,213,794
<b>Other expenditure</b>					
Fundraising advertising and publicity	14,869	-	115,142	130,011	124,421
Management and administration	<u>145,432</u>	<u>7,132</u>	<u>285,873</u>	<u>438,437</u>	<u>415,266</u>
Total	<u>645,645</u>	<u>8,632</u>	<u>1,092,428</u>	<u>1,746,705</u>	<u>1,753,481</u>

Total resources expended include:

	1998 £	1997 £
Auditors remuneration		
Audit services	13,000	10,500
Non-audit services	5,600	8,913
Depreciation and amortisation:		
Tangible fixed assets, owned	8,632	5,851
Hire of plant and equipment	7,602	9,009
Other operating lease rental	21,750	21,750
Pension costs	<u>21,822</u>	<u>20,552</u>



# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 6 EMPLOYEES

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	572,161	570,231
Social security costs	51,662	52,083
Other pension costs	21,822	20,552
	<u>645,645</u>	<u>642,866</u>

The average number of employees during the year was 31 (1997:33)

The emoluments of higher paid employees fell within the following ranges:

	1998 Number	1997 Number
£40,001 to £50,000	<u>1</u>	<u>1</u>

### 7 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No trustee or person with a family or business connection with a trustee, received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity.

Expense reimbursements paid to trustees during the year amounted to £8,334 (1997: £6,462) and can be analysed as follows:

	1998 £	1997 £
Travel and subsistence	<u>8,334</u>	<u>6,462</u>

### 8 PROFIT FOR THE FINANCIAL YEAR

The charity has taken advantage of section 230 of the Companies Act 1985 and has not included its own income and expenditure account in these financial statements. The excess of income over expenditure for the year includes £20,136 (1997: £71,628) which is dealt with in the financial statements of the charity.

Details of the results of the trading subsidiaries are set out in note 3.

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 9 TANGIBLE FIXED ASSETS

	Barques £	Schooners £	Computers £	Motor vehicles £	Fixtures fittings and equipment £	Total £
<b>The group</b>						
Cost or valuation						
At 1 March 1997	19,626	700,000	-	16,401	22,805	758,832
Additions	1,501,607	-	35,389	-	5,782	1,542,778
	<u>1,521,233</u>	<u>700,000</u>	<u>35,389</u>	<u>16,401</u>	<u>28,587</u>	<u>2,301,610</u>
Disposals	-	-	-	-	-	-
At 28 February 1998	<u>1,521,232</u>	<u>700,000</u>	<u>35,389</u>	<u>16,401</u>	<u>28,587</u>	<u>2,301,610</u>
Depreciation						
At 1 March 1997	-	-	-	10,393	22,805	33,198
Provided in the year	-	-	2,324	1,500	5,782	9,606
	-	-	<u>2,324</u>	<u>11,893</u>	<u>28,587</u>	<u>42,804</u>
Eliminated on disposals	-	-	-	-	-	-
At 28 February 1998	-	-	<u>2,324</u>	<u>11,893</u>	<u>28,587</u>	<u>42,804</u>
Net book amount at 29 February 1998	<u>1,521,233</u>	<u>700,000</u>	<u>33,065</u>	<u>4,508</u>	<u>-</u>	<u>2,258,806</u>
Net book amount at 28 February 1997	<u>19,626</u>	<u>700,000</u>	<u>-</u>	<u>6,008</u>	<u>-</u>	<u>725,634</u>

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### TANGIBLE FIXED ASSETS (CONTINUED)

	Barques £	STS "Malcolm Miller" £	STS "Sir Winston Churchill" £	Computers £	Total £
<b>The charity</b>					
Cost or valuation					
At 1 March 1997	19,626	350,000	350,000	-	719,626
Additions	1,501,607	-	-	35,389	1,536,996
At 28 February 1998	1,521,233	350,000	350,000	35,389	2,256,622
Depreciation					
At 1 March 1997	-	-	-	-	-
Provided in the year	-	-	-	2,324	2,324
At 28 February 1998	-	-	-	2,324	2,324
Net book amount at 28 February 1998	1,521,233	350,000	350,000	33,065	2,254,298
Net book amount at 28 February 1997	19,626	350,000	350,000	-	719,626

All tangible fixed assets were used for charitable purposes.

The Schooners are insured for a total of £1,484,500.

The Schooners "Sir Winston Churchill" and "Malcolm Miller" were valued by Messrs. Tier & Adams, professional yacht surveyors, on 10 July 1998 at open market valuation of £350,000 each.

Included in the additions in respect of the barques is interest capitalised amounting to £37,694. The new hulls are insured for £1,800,000.

### 10 FIXED ASSET INVESTMENTS

	The group		The charity	
	1998 £	1997 £	1998 £	1997 £
Investment in Subsidiary undertakings	-	-	159,402	159,402
Other fixed asset investments	53,508	56,688	53,508	56,688
	53,508	56,688	212,910	216,090

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### FIXED ASSET INVESTMENTS (CONTINUED)

#### (a) Investment in subsidiary undertakings

(i) At 28 February 1998 the charity had interests in the following associated undertakings:

Name of subsidiary undertaking	Country of incorporation	Class of share capital held	Proportion held by the charity	Nature of business
International STA Ltd	England and Wales	Ordinary	100%	Sail Ship Race Organisation
STA Tall Ships Ltd	England and Wales	Ordinary	100%	Sail Ship Operating
Tall Ships 2000 Ltd	England and Wales	Ordinary	100%	Sail Ship Race Organisation
				1998 £

#### The Charity

Cost at 1 March 1997 and 28 February 1998 159,402

All of the subsidiary undertakings have been consolidated in the group financial statements.

#### (b) Other fixed asset investments

The group and the charity	Listed investments £	Other investments £	Total £
Cost			
At 1 March 1997	24,283	32,405	56,688
Additions	-	-	-
Deficit on revaluation	(465)	(2,715)	(3,180)
At 28 February 1998	<u>23,818</u>	<u>29,690</u>	<u>53,508</u>
Net book amount at 28 February 1998	<u>23,818</u>	<u>29,690</u>	<u>53,508</u>
Net book amount at 28 February 1997	<u>24,283</u>	<u>32,405</u>	<u>56,688</u>

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### FIXED ASSET INVESTMENTS (CONTINUED)

Listed investments are stated at their mid market value as at the balance sheet date.

Unlisted investments have been valued at cost as these represent bank balances held on deposit.

An analysis of investments is as follows:

	The group UK £	The charity UK £
<b>Shares in group undertakings:</b>		
STA Tall Ships Ltd	-	20,001
International STA Ltd	-	139,401
<b>Listed investments:</b>		
CAF Investment Trust Fund	11,674	11,674
14% treasury stocks 1998 - 2001	3,248	3,248
10% treasury stocks 2003	4,416	4,416
10% treasury stocks 2004	4,480	4,480
<b>Unlisted Investments</b>		
Funds held on deposit at building society accounts	29,690	29,690
Net book amount at 28 February 1998	53,508	212,910
Net book amount at 28 February 1997	56,688	216,090

### 11 STOCKS

	The group		The charity	
	1998 £	1997 £	1998 £	1997 £
Goods for resale	22,485	23,295	-	-

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 12 DEBTORS

	The group		The charity	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	26,588	44,670	6,253	36,630
Amounts owed by group undertakings	-	-	159,800	75,000
Other debtors	108,173	85,242	66,073	51,458
Prepayments	20,677	47,824	35	374
	<u>155,438</u>	<u>177,736</u>	<u>232,161</u>	<u>163,462</u>

### 13 CURRENT ASSET INVESTMENTS

	The group		The charity	
	1998	1997	1998	1997
	£	£	£	£
Unlisted investments	<u>30,000</u>	<u>496</u>	<u>-</u>	<u>-</u>

### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The charity	
	1998	1997	1998	1997
	£	£	£	£
Trade creditors	46,905	59,965	3,656	19,824
Amounts owed to group undertakings	-	-	18,970	33,986
Social security and other taxes	13,399	19,548	-	-
Other creditors	83,599	86,658	84,815	-
Pension contributions	1,198	1,041	-	-
Accruals and deferred income	<u>344,830</u>	<u>255,906</u>	<u>21,791</u>	<u>6,500</u>
	<u>489,931</u>	<u>423,118</u>	<u>129,232</u>	<u>60,310</u>

### 15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	The group		The charity	
	1998	1997	1998	1997
	£	£	£	£
Bank loan	<u>1,490,521</u>	<u>-</u>	<u>1,490,521</u>	<u>-</u>

The bank loan is secured by a fixed charge over the assets of the charity. The loans are repayable in 12 half yearly instalments commencing 18 months after delivery of the vessels.

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 16 ENDOWMENTS

The group and the charity

	Crocker £	Nova Scotia £	Lord Burnham £	Total £
At 1 March 1997	7,153	9,026	13,872	30,051
Incoming resources	448	605	706	1,759
Expenditure	-	(303)	-	(303)
Unrealised gains on investments	(235)	173	-	(62)
Transfers	-	-	-	-
At 28 February 1998	<u>7,366</u>	<u>9,501</u>	<u>14,578</u>	<u>31,445</u>

The Michael Crocker fund was set up in memory of a yachtsman murdered in February 1982. The income is for contributions to Voyage fees for pupils of Henley College.

The Nova Scotia fund was set up in memory of trainees who died on the sailing ship "Marques" which sank off Bermuda during the 1984 American Tall Ships race. Income is divided equally between the Sail Training Association and the American Sail Training Association.

The Lord Burnham fund was set up in his memory following his death in June 1993. Income is for contributions to Voyage fees for trainees from Eastern Europe.

### 17 RESTRICTED FUNDS

	Specific funds £	ISTA fund £	New Ship fund £	Refit fund £	Training fund £	Total £
The group and the charity						
At 1 March 1997	47,035	-	16,754	182	-	63,971
Incoming resources	26,730	-	86,458	77,757	26,322	217,267
Expenditure	(728)	-	(81,268)	(84,597)	(26,322)	(192,915)
Payment to charity	-	-	-	-	-	-
Transfers	<u>8,202</u>	<u>75,780</u>	<u>-</u>	<u>6,658</u>	<u>-</u>	<u>90,640</u>
At 28 February 1998	<u>81,239</u>	<u>75,780</u>	<u>21,944</u>	<u>-</u>	<u>-</u>	<u>178,963</u>

The Specific Funds are small restricted gifts to the Charity donated over a period of several years. At 28 February 1998 there were 25 separate funds.

The ISTA fund is restricted within the accounts of the charity for international sail training activities.

The New Ship fund is the surplus of income over expenditure of an appeal for the New Ship project.

The Refit fund was established as a reserve against future refits several years ago is used to deal with annual refits.

The Training fund is the receipt and expenditure of training moneys in the year.

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 18 UNRESTRICTED FUNDS

	Capital funds £	Revaluation reserve £	Designated funds £	Profit and loss £	Total
<b>The group</b>					
At 1 March 1997	100,000	360,000	343,583	328,257	1,131,840
Incoming resources	-	-	75,187	1,629,867	1,705,054
Expenditure	-	-	(42,425)	(1,511,365)	(1,553,790)
Unrealised gains/(losses)	-	-	(403)	-	(403)
Transfers	-	-	(12,352)	(78,288)	(90,640)
At 28 February 1998	<u>100,000</u>	<u>360,000</u>	<u>363,590</u>	<u>368,471</u>	<u>1,192,061</u>

	Capital funds £	Revaluation reserve £	Designated funds £	Profit and loss £	Total
<b>The charity</b>					
At 1 March 1997	100,000	360,000	343,583	409,624	1,213,207
Incoming resources	-	-	75,187	127,441	202,628
Expenditure	-	-	(42,425)	(166,178)	(208,603)
Payment to charity	-	-	-	-	-
Unrealised gains/(losses)	-	-	(403)	-	(403)
Transfers	-	-	(12,352)	6,513	(5,839)
At 28 February 1998	<u>100,000</u>	<u>360,000</u>	<u>363,590</u>	<u>377,400</u>	<u>1,200,990</u>

The designated funds are those that the trustees have designated for the use of The Sail Training Association volunteer branches which have been responsible for raising these funds. The income is expended almost entirely on Voyage fees for young trainees, with branches also having minor fund-raising and administrative expenditure.



# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### 19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated funds £	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
<b>The group</b>					
Tangible fixed assets	-	737,573	1,521,233	-	2,258,806
Investments	41,904	-	-	11,604	53,508
Current assets	321,686	580,829	148,251	19,841	1,070,607
Current liabilities	-	(489,931)	-	-	(489,931)
Creditors after one year	-	-	(1,490,521)	-	(1,490,521)
	<u>363,590</u>	<u>828,471</u>	<u>178,963</u>	<u>31,445</u>	<u>1,402,469</u>

	Designated funds £	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
<b>The charity</b>					
Tangible fixed assets	-	733,065	1,521,233	-	2,254,298
Investments	41,904	159,402	-	11,604	212,910
Current assets	321,686	74,165	148,251	19,841	563,943
Current liabilities	-	(129,232)	-	-	(129,232)
Creditors after one year	-	-	(1,490,521)	-	(1,490,521)
	<u>363,590</u>	<u>837,400</u>	<u>178,963</u>	<u>31,445</u>	<u>1,411,398</u>

### 20 CAPITAL COMMITMENTS

The Council of Management have authorised a sub-committee to make arrangements for the building of two barques. No legal contracts have yet been put in place except for some design work.

There were no other capital commitments of either the group or the charity at 28 February 1998 or no capital commitments at all at 28 February 1997.

### 21 CONTINGENT LIABILITIES

Neither the group nor the charity had any contingent liabilities at 28 February 1998 or 28 February 1997.

### 22 PENSIONS

#### Defined contribution scheme

The group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

# THE SAIL TRAINING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 1998

### PENSIONS (CONTINUED)

#### Defined benefit scheme

The group operates a defined benefit pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

Pension costs are assessed in accordance with the advice of a qualified actuary. The assumptions which have been most significant effect on the results of the valuation are revaluation rate of interest 9% per annum, increase in earnings 6.5% and equity dividend growth 5% per annum. The most recent valuation was as at 31 March 1996.

The actuarial value of those assets was sufficient to fully cover the benefits that had accrued to members, after allowing for expected future increases in earnings.

### 23 LEASING COMMITMENTS

Operating lease payments amounting to £31,031 (1997: £30,826) are due within one year. The leases to which these amounts relate expire as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	7,409	-	1,286
Between one and five years	-	1,120	-	7,790
In five years or more	21,750	752	21,750	-
	<u>21,750</u>	<u>9,281</u>	<u>21,750</u>	<u>9,076</u>