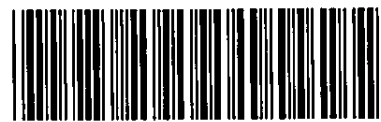




**TALL SHIPS  
YOUTH TRUST**

**Financial Statements  
Year Ended 29 February 2008**

TUESDAY



\*ACTSS6V0\*

A55

27/01/2009

290

COMPANIES HOUSE

**Charity Number 314229  
A Company Limited by Guarantee  
Registered in England No 567460**

**TALL SHIPS YOUTH TRUST**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

<b>CONTENTS</b>	<b>Page</b>
Reference and Administrative Details	1-2
Report of the Trustees	3-16
- Objects and Powers	3
- Review of Activities	3
- Over Fifty Years of Achievement	3
- Recent Developments and Financial Position	3
- Charitable Mission – Young People	4
- Tall Ships Academy	7
- Strategic Review	7
- Stavros S Niarchos, Prince William, Challenger 1, 2, 3, 4	8
- Promoting the Trust	11
- Fundraising Strategy	11
- New Fundraising Campaign – Young People First	11
- Volunteers	12
- Structure, Governance and Management	12
- Financial Results for the Year Ended 29 February 2008	13
- Future Financial Prospects and Reserves Policy	14
- Investment Powers and Investment Policy	14
- Statement of Trustees' Responsibilities	15
- Auditors	16
Report of the Independent Auditor	17-18
Principal Accounting Policies	19-21
Consolidated Statement of Financial Activities	22
Consolidated Summary Income and Expenditure Account	23
Balance Sheets	24
Notes to the Financial Statements	25-35

# **TALL SHIPS YOUTH TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

Tall Ships Youth Trust is a company limited by guarantee and a registered charity.

<b>Charity Number</b>	314229
<b>Company Number</b>	567460
<b>Principal Office</b>	2A The Hard, Portsmouth, PO1 3PT
<b>Patron</b>	His Royal Highness The Duke of York KG KCVO
<b>Vice-Patrons</b>	Admiral the Lord Boyce GCB OBE DL (appointed 19 Nov 2007) The Right Honourable Lord Butler of Brockwell KG GCB CVO Mr D de Laszlo Mr D Darbyshire (appointed 20 February 2008) Mr M A C Drummond OBE DL JP Mr M Grade CBE Mr M Kington (deceased 6 February 2008) Mr R Morley (appointed 30 November 2007) Mr A C Salvesen Mr M Slade Mr B A Stewart Mr I Ventham (appointed 21 November 2007) Sir George Vallings (deceased 25 December 2007) Mrs C Williams
<b>Trustees</b>	Mr M P Aiken Mr T P Allen Mr M Broughton Mr I A Carruthers Mr P Coleman Mr W D Cormie MA CA (appointed 3 July 2007) Mr D Darbyshire (retired 3 July 2007) Mr M R Dixon Mr W M Garnett Lord Greenway Vice Admiral M Gretton CVO Mr M Jay CBE DL Mr G W Pritchard-Gordon Mr S J Roberts Miss C Wake (appointed 16 October 2007) Mr R H Williams

# **TALL SHIPS YOUTH TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

<b>Chief Executive</b>	Mrs C A Law
<b>Company secretary</b>	Blakelaw Secretaries Limited
<b>Auditors</b>	Grant Thornton UK LLP No 1 Dorset Street Southampton SO15 2DP
<b>Solicitors</b>	Blake Lapthorn Tarlo Lyons Harbour Court Compass Road North Harbour Portsmouth PO6 4ST
<b>Investment managers</b>	Bell Lawrie Investment Management PO Box No 8 7 Drumsheugh Gardens Edinburgh EH3 7QH
<b>Bankers</b>	Royal Bank of Scotland plc Lloyds TSB Bank plc

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

The Trustees of the Tall Ships Youth Trust present their report and the audited financial statements for the year ended 29 February 2008

### **Objects and Powers**

The Tall Ships Youth Trust is dedicated to the personal development of young people through the crewing of Tall Ships. Its principal activities are to provide opportunities for young people to go to sea on the Trust's ocean going vessels and to promote sail training internationally.

### **Review of Activities**

The Trust had another busy year in 2007/08 with its fleet of two 493 gross ton square-rigged Brigs and four 38 gross ton ocean going yachts providing voyages for young people 12 months of the year.

### **Over Fifty Years of Achievement**

The Tall Ships Youth Trust (TSYT), formerly known as The Sail Training Association, is the world's oldest and largest sail training charity dedicated to the Personal Development of Young People aged 14 to 25. Formed in 1956, over 80,000 trainees have sailed 1.5M nautical miles on our fleet of vessels – currently two 200ft Brigs Stavros S Niarchos and Prince William, and four 72ft ocean going Challenger yachts and, before them, two 120ft schooners Malcolm Miller and Sir Winston Churchill.

Over the years, as TSYT has developed and taken more and more young people to sea, we have introduced new and unique youth initiatives:-

- Tall Ships Academy (development programme for young people recommended to come back as volunteers, endorsed by the Royal Yachting Association and the Maritime and Coastguard Agency).
- Youth Mentor Scheme (professionally qualified teachers/youth workers sailing as volunteers to provide support and direction to young trainees)
- Voyages of Understanding® (multi-national/cultural/faith, diversity voyages).
- Dedicated voyages for 14 and 15 year olds.

### **Recent Developments and Financial Position**

We have achieved some remarkable financial successes since 2000 including building two Brigs on time, on budget and, having funded all (except £75K) of the £11M cost, driving up income raised from £1.3M to £2.3M per annum. These have been achieved with 30% fewer Head Office staff than our nearest comparison charity.

Meanwhile, costs rise in line with inflation and our vessels must be maintained to the highest safety standards against a background of increasingly stringent legislation. In the face of this growing financial pressure, over the last two years we have implemented numerous cost cutting measures including staff redundancies and explored many other options such as vessel lay-up and merger with Jubilee Sailing Trust.

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Recent Developments and Financial Position (continued)**

Nevertheless, by 2006/07 we were losing £300K per annum before depreciation and exceptional items. With no cash reserves, this financial gap was covered by borrowing so that our debts were £900K by early 2007 and were predicted to rise to £2.3M by 2012.

In order to improve financial stability as well as to diversify opportunities for young people, we took the difficult decision in 2007 to sell Prince William, one of our Brigs, to provide funds to buy four 22m ex round the world Challenger yachts. Together, these provide the same number of trainee berths as a Brig as well as the same income earning potential. However, we can flex the number of Challengers operating as demand varies from season to season and therefore keep costs to a minimum. We are also able to split the Challenger Fleet in order to chase several different markets and new income streams at the same time.

The decision to implement the change of fleet was taken by the Trust's Council in May 2007 on the basis of a detailed Feasibility Report which included five year P&L and cashflow projections. These showed the Trust's annual deficits turning into surpluses.

The first two Challengers were delivered in October 2007, becoming fully operational in January 2008. The second two were delivered in January 2008, becoming fully operational in April 2008. These huge operational changes were delivered without any extra staff and we thank all of those who have contributed to this remarkable business restructuring.

Reaction to the Challengers has been extremely positive with young people, funders and supporters seeing the benefits of this "dynamic and creative solution" including the opportunity to attract a whole new audience of young people. Berths continue to sell well.

Between May and December 2007, we raised £1.26M from our supporters to implement the Challenger initiative. Other funds were secured from the Royal Bank of Scotland (overdraft increased to £750K) and the Charities Aid Foundation (£200K development loan). Based on the professional advice we have received, the sale of one of our Brigs should release sufficient funds to repay all of these debts and complete the implementation of Challenger initiative.

With the Challengers operational, the berths selling and the new fundraising campaign launched (see later section), by March 2008 we had sufficient live data to be able to put together revised P&L and cashflow figures for two years to February 2010. The P&L projections show an improvement with operating performance improving by £230K from 2007/08 to 2008/09 and a further £150K in 2009/10. In summary, the Trust's underlying business model, based on the new mixed fleet, is sound.

### **Charitable Mission – Young People**

The development of young people and sail training are central to everything we do and we pride ourselves on our excellent reputation for providing a good quality service to young people. Whilst the Brigs and the Challengers are very different settings for youth development, we operate both to the same high standards. The same policies and practices apply to both eg the same child protection policy, code of conduct, drug and alcohol policy; the same rigorous recruitment and screening of prospective volunteers. Priority in the voyage schedule is always given to youth voyages and giving more young people the opportunity to go to sea.

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Charitable Mission – Young People (continued)**

In 2006/07, we set ourselves the task of increasing the scope and diversity of our work with young people in 2007/08. We have achieved this in a number of ways.

Firstly, we have reduced our entry age from 16 to 14. This followed a trial Brig voyage in 2006/07 which enabled us to evolve the concept using the feedback of the young people themselves, their parents and the crews. A detailed risk assessment involving the Maritime and Coastguard Agency, Portsmouth City Council Social Services Department and our insurers completed the development process. We ran five 14 to 15 year old Brig voyages in 2007/08 and we have also just completed our first 14 to 15 year old Challenger voyage. We plan to offer more of these voyages in 2008/09.

Secondly, we have introduced a new Bursary Scheme which uses the funds raised by Head Office to offer financial assistance to young people who otherwise would not be able to afford a voyage. A simple application process, which can be verbal for those who have difficulty reading and writing, screens the young person and, as needed, offers them support as they prepare for their voyage.

Thirdly, of course, for those who prefer small settings and/or are frightened of heights, the Challengers provide a much better developmental environment than the Brigs. The Challengers also offer different sail training opportunities and activities to young people including the teaching of basic sailing skills and inter-yacht competitions. In addition, we hope that longer-term, the Challengers will give us more opportunities to develop our work with disabled and challenging young people. In youth work terms, the Challengers' small setting and 1:2 staff:child ratio (compared to the Brigs' 1:3 ratio) provides a focused, intensive environment for working with young people.

The Challengers also offer us different ways in which to engage with groups working with young people. For example, with the new emphasis on education outside the classroom and co-curriculum learning, there is an increasing demand from schools and youth groups for outdoor activities, such as sail training, to be dedicated to their group of 10-20 young people. The Brigs, with their 48 berths, have not allowed us to accommodate these requests in the past. With the arrival of the Challengers, each taking 12 young people, many of the schools and foundations which regularly send their young people on Brig voyages are booking additional voyages on the Challengers.

Voyages have a significant impact on young people's lives, particularly:-

- Increased self esteem and self confidence
- Healthier, more active lifestyle
- Improved life skills
- Improved citizenship skills

Our statistical evaluations, externally validated by VT Education, an independent, specialist consultant, have provided empirical evidence of improvements in life skills:-

- Over 70% of young people say that their problem solving skills improve after a voyage
- Over 80% say that they are better communicators
- Over 90% say that they are better team players

## **TALL SHIPS YOUTH TRUST**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

#### **Charitable Mission – Young People (continued)**

We have also been working with Loughborough University on a research project, funded by the HSBC Global Education Trust, which aims to measure the impact of voyages up to three years afterwards. We hope to be able to share the key findings of this research in 2008/09.

The Trust has a very good reputation amongst youth work and education professionals and to maintain this, is committed to regularly reviewing the quality of its provision for young people. As part of this we have just commissioned VT Education to conduct a new, broad based evaluation of outcomes. The design phase, which includes consultation with young people, is already underway. The research will be conducted across the 14 to 25 year old age range and will involve different lengths and types of voyages on both the Brig and the Challengers. The findings are expected in spring 2009.

The Trust's Voyages of Understanding® continue to add an international dimension to our work, integrating young people from different countries and backgrounds. These diversity voyages bring together young people in an environment where they can challenge their own preconceptions and prejudices about race, faith and culture. Voyages have seen Palestinians sailing with Israelis and Americans, Muslims from Bali with Christians from the UK, Turkish Cypriots with Greek Cypriots. We will continue to run these voyages throughout 2008/09.

As in the last two years, we are finding that more young adults are choosing to sail on 18+ voyages rather than on 16-25 year old voyages. As a result, some 22% of voyage berths on these voyages are filled by young people. Their feedback indicates that the inter-generational dimension of these voyages is proving popular with the more diverse range of life experiences giving young people added benefit.

This also meant though that there was a significant impact on overall numbers when we took Prince William out of service at the beginning of November 2007 when in other years she would have had a further four months of 18+ voyages before the end of the financial year. As a result, the number of young people sailing with the Trust was lower than usual at 1,300 young people on a total of 11,150 nights on board. At the same time, the number of nights on board youth voyages increased by 6% because the programme in the summer months, largely focussed on youth voyages, was unaffected.

We also worked hard in 2007/08 to increase our appeal to disadvantaged and disabled young people. Overall, they made up 43% of the young people sailing with us, approximately double the national average. Of these, 30% were disadvantaged (2006/07 22%). The significant increase year on year was largely achieved by engaging with groups representing them and discounting prices so that cost was less of a barrier. The remaining 13% were disabled. We do not have comparative figures for the previous year. In terms of other demographic breakdowns, 38% were female, 4% were non white and 3% were non UK.

The Trust is aiming to increase the overall number of young people sailing in 2008/09 by at least 5% and has exciting new plans for achieving this goal.

- Developing more active partnerships with organisations, particularly those working with disadvantaged and disabled young people.
- Developing new activities eg races to attract and involve more young people
- Producing targeted promotional materials with input from young people



## **TALL SHIPS YOUTH TRUST**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

#### **Charitable Mission – Young People (continued)**

2007/08 was another successful year for the Trust in delivering its core mission and we would like to thank all of the young people who sailed with us as well as those who helped to support the cost of their voyage and so enabled them to sail with us.

#### **Tall Ships Academy**

At the beginning of 2006 we launched a new training programme for young people, endorsed by the Royal Yachting Association (RYA) and Maritime and Coastguard Agency (MCA), under the banner of the "Tall Ships Academy". A world first, the programme gives young people a path from their first experience as Voyage Crew to volunteering on the Trust's vessels and then, for those who wish it, onto a career at sea.

The objectives of the Tall Ships Academy and its training programme are:

- To offer young people more options for enhancing their skills and qualifications.
- To add value and enjoyment to the sailing experience of all of our Volunteer Crew by increasing their knowledge, skills and confidence.
- To provide better support to our Salaried Crew by introducing a record of experience for each individual as well as clear training goals.
- To maintain the Trust's reputation for "best practice".
- To be in advance of legislative changes which are expected to require documentary evidence of safety and familiarisation training on board.

The programme formalises the existing on board training for our Volunteer Crew - working with young people, vessel familiarisation and safety training – and adds to it the syllabus of the RYA Watch Leader Certificate and the MCA Yacht Rating Certificate. Assessment uses a Training Record Log Book which tracks competencies, defined in detail in an Instruction Manual.

The Academy programme is working well on the Brigs, so our aims for 2008/09 are targeted at the Challengers and include:-

- Developing the Training Record Log Book and Instruction Manual to incorporate the Challengers
- Encouraging more existing Volunteer Crew to sail as Challenger Skippers and Mates
- Developing advanced training programmes to support their progress.
- Recruiting more experienced, qualified sailors to join the Volunteer crew

#### **Strategic Review**

Four years ago, a Strategic Review, led by the Trustees and Chief Executive, agreed a framework for the charity for the next few years and established a Statement of Purpose, Vision and Values. Each year we review the Statement and we did so again in 2007/08, reaffirming our Purpose as "the personal development of young people through the crewing of Tall Ships".

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Strategic Review (continued)**

We agreed that we would deliver this by:

- Focusing largely on young people aged 14 to 25
- Encouraging diversity and a mix of young people
- Recruiting predominantly from the UK but enabling a multi-national mix

We agreed that our vision for the Trust was "to be the leader in youth development through the Tall Ships experience" and we established a set of underlying values:-

In all we do and say, we will:

- Support young people to develop their potential
- Seek the highest standards in our work with young people
- Manage professionally and efficiently
- Value and respect our crews and staff
- Appropriately harness the enthusiasm of our volunteers and supporters
- Manage our vessels safely and to the highest standards
- Communicate effectively and openly

As part of a wider review of vision and future structure, the Trust took the opportunity in 2006/07 to explore the option of merging with Jubilee Sailing Trust (JST). The two Chief Executives wrote a Joint Report for the Trustees, outlining the benefits and disadvantages and recommending that the Trustees progress discussions to the next stage. The Trust's Trustees voted to move forward but JST's Trustees decided that the two charities should not merge so the matter rests. We will continue to look at other options so that the Trust can continue to successfully deliver its charitable mission.

### **Stavros S Niarchos, Prince William, Challenger 1, 2, 3, 4**

As the financial year began, Stavros S Niarchos was completing her 2006/07 winter in the Canaries before sailing back in April for the start of her busy summer programme in UK waters. In August, she met up with Prince William in Torbay for a fiercely contested Brig Match Race and, under Captain Liam Keating's watchful eye, took the winners' cup. Spectator boats, street entertainers and a crew parade all added to the atmosphere thanks to the support of Torbay Development Agency (TDA) and Brixham Yacht Club. In addition, TDA sponsored 24 local young people to take part in the race.

Stavros S Niarchos headed south in November 2007 and spent December in the Canaries before sailing across the Atlantic for two and a half months in the Caribbean and then back again for a month in the Azores. As we write, she has just arrived back in UK waters for the HSBC Global Education Trust Voyage of Achievement. Stavros S Niarchos will then sail to Liverpool, European City of Culture 2008, for the Tall Ships Race. She will carry 48 young people from Merseyside, sponsored by our local volunteer support, on the voyage into Liverpool and 48 young people sponsored by group Liverpool City Council on the voyage out.

Meanwhile, at the start of the financial year, Prince William was completing her 2006/07 winter programme of day sails and short taster voyages in UK waters before heading south to the Azores in March 2007 and west across the Atlantic in April. She took part in the American Sail

## **TALL SHIPS YOUTH TRUST**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

#### **Stavros S Niarchos, Prince William, Challenger 1, 2, 3, 4 (continued)**

Training Association's Tall Ships Challenge Race in May and June, sailing through Charleston, Wilmington, Norfolk, Philadelphia, Portsmouth, Newport Rhode Island and Halifax, winning the last race and making many new friends along the way. Our trans-Atlantic voyages are usually for those aged 18 and over but for the first time in recent years, we accepted young people from the age of 16 on Prince William's trans-Atlantic voyage back to the UK in August. The voyage was full and proved a resounding success. Prince William spent from September through to 11 November 2007 in UK waters when she was laid up ready for sale in Portsmouth's Naval Dockyard thanks to the very generous support of VT plc.

Prince William was built in 2001 as a sister ship to Stavros S Niarchos, to the Trust's specification and at a cost of £5.5 million. The Trustees have been advised that the build cost of a similar Brig today would be in the region of £16 million. Since the marketing began for Prince William in March 2008, there has been a good level of interest from a broad spectrum of potential buyers ranging from sail training organisations and navies to individuals wanting her as is or for conversion. The process of selling the vessel could be a long one, not least because many of the organisations that have expressed interest would need to raise funding from sponsors, government bodies and other sources.

The Challengers are 38 gross ton steel yachts built in 2000 (mast, spars, standing and running rigging replaced in 2004). They were designed for the Chay Blythe Challenge Business to race around the world "the wrong way" so are exceptionally strong and seaworthy, able to sail to windward across the Southern Ocean in relative comfort. They are probably the finest steel yachts ever constructed and ideal for sail training. Commissioning included upgrading the galley facilities, adding windlasses, life rafts and safety equipment.

Challenger 1 and 2 were delivered in October 2007 and used to train the Trust's 16 Salaried Crew and 300 of its 1,300 Volunteer Crew. By November 2007, we had produced new promotional materials to market the berths and scheduled them into the sail training programme from January 2008. Challenger 3 and 4 were delivered in January 2008 and became fully operational at the end of March 2008.

The Challenger Fleet will consist of 2, 3 or 4 Challengers depending on the time of year. The 2008 voyage schedule sees Challenger 1 and 2 in Madeira, the Canaries and Balearics from January until May, returning to the UK in June to join up with Challenger 3 and 4. Special events include a Round Britain Youth Challenge, Foundation for Sport and the Arts Race Week and the ARC. Bookings are strong from both existing and new customers.

As far as we know, the Trust is the only sail training organisation that has been operating two Class A tall ships all year round without major down-time or significant state or military/naval funding. We have achieved remarkable utilisation and occupancy rates on very limited resources but filling both ships with young people right round the year, particularly in the winter months has not become any easier. Nevertheless, in the last few years, we have nearly doubled the number of people sailing per annum and carry significantly more than other UK sail trainers.

The Challengers should help the Trust to grow its market size even more. Many young people will see them as aspirational, modern day yachts that have raced around the world. Of course others will have a vision of a traditional sailing vessel that will only be satisfied by a

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Stavros S Niarchos, Prince William, Challenger 1, 2, 3, 4 (continued)**

traditionally rigged tall ship. The important thing is that we use our fleet to attract ever more young people into sail training so that they can benefit from the positive impact of life at sea.

The Challenger Fleet priorities for 2008/09 include recruiting and training more volunteer crew, developing new voyage types and income streams such as 14-15 year old sailing academies, working with NMM to reduce costs and continuing the development of operational guides eg the use of spinnakers and customer care guidelines.

We thank our Salaried and Volunteer Crew for embracing the Challenger Fleet and our Head Office team for implementing such a significant operational change in a very short space of time, with no extra resources and whilst managing to keep the vast majority of stakeholders on side and positive about the changes.

We also thank the many organisations and individuals who help us to recruit and fund our young people. A special thank you goes to Giles Pritchard-Gordon who has donated over £100K of bursaries in recent years to subsidise those who otherwise would not have been able to afford the experience.

Income from the ships was £260K down on the previous year made up of a £300K reduction in voyage fee income partly offset by £125K income negotiated with ports and tall ships event organisers. Several factors were responsible for the reduction in voyage fees. The majority of it was due to discounting of voyages throughout the year to enable more disadvantaged and disabled young people to sail, as reflected in the year's statistics (see Work with Young People section). A further £70K was lost by taking Prince William out of service early. The sale of berths in the USA was also disappointing. The decision to send Prince William to the USA was taken to offer young people a totally new and different voyage programme. The package of financial incentives from the race ports removed the financial risk of operating there but in reality, the voyages were not as popular as we had hoped. We also lost bookings because some of the USA ports had promised us young people but could then not recruit them because the race clashed with school exams.

The Head Office team continues to work hard to find new ways to generate income from the ships. For example, £250K has already been secured from the Foundation for Sport and the Arts for a new race series being developed for young people from 2008/09 onwards.

To balance the £260K reduced ships income, costs overall were £200K down on the previous year. Of this, £70K was due to taking Prince William out of service early but the remaining £120K was a combination of lower running costs of the Challengers compared to the Brigs and a series of cost control measures. One example of this was a new way of operating the generators developed by one of our engineers which has reduced fuel consumption and thus offset some of the impact of fuel price increases. Work also continues to recruit experienced, officer of the watch certificated volunteers for the Third Officer position on the Brig. A saving of £8K was achieved in 2007/08 as volunteers covered 130 sea days which would otherwise have required a salaried crew member.

The Trust took the decision to outsource ships' management to Northern Marine Management Limited (NMM) in 2002 because it was felt that this would be the most cost effective way of providing 24/7 operational and safety management of our vessels. The experience of the last five years has proved that this was the right decision. The partnership with NMM has worked

## **TALL SHIPS YOUTH TRUST**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

#### **Stavros S Niarchos, Prince William, Challenger 1, 2, 3, 4 (continued)**

well with Trust and NMM staff focussed on their respective areas of expertise. The arrival of the Challengers has clearly had a significant impact on the operation. We are very pleased that NMM has decided to continue their support of our new, mixed fleet.

#### **Promoting the Trust**

During 2007/08, we continued our strategy of focussed PR and this proved very successful in promoting the Trust's work, leading to extensive coverage in national and regional newspapers, television and radio. We introduced an e-newsletter to reach our audience on a more regular basis at minimal cost and we continued to evolve the voyage brochures as a selling tool with improved descriptions and layouts. Use of the on line booking facility grows with over 70% of bookings now coming in via this route. Website traffic is still very high with 6 million hits a year from some 300,000 unique visitors. The message board, virtual tour of the ships and ships' tracker (accurate to 100 metres) continue to be particularly popular with website visitors.

November 2007 saw the third Charity Yacht Regatta, organised to bring together Trust supporters and volunteers from around the UK, raise much needed funds to help support more young people and increase awareness of the Trust to the yachting world. Over 200 people took part in a fiercely contested "round the cans" race in the Solent in November followed by dinner and an auction of promises. We raised over £7K from the event towards young people's bursaries.

#### **Fundraising Strategy**

Having raised the £11M capital funds to cover the construction costs of the Brigs, the Trust's day to day fundraising remains focussed on increasing funds to subsidise more young people's berths. As in the previous year, targeting grant making trusts proved very successful and generated over half of the day to day fundraising income. A number of different "asks" were used, individually tailored to the criteria set by the specific trust. The remainder of the day to day fundraising income was split between individual donations and membership subscriptions. Overall, day to day income (grant making trusts, individual donations, membership etc) was the same as the previous year although a cash appeal in 2007/08 replaced the income that had been generated in 2006/07 as a result of Golden Jubilee activities. An additional £179K was generated by Trustees during the development stages of a new fundraising campaign (see next section). Legacies were also a welcome and valuable source of income in 2007/08 and we received £155K from this source compared to £689K in 2006/07. We are extremely grateful to those who chose to donate in this way. We thank our many loyal members, donors and sponsors who have responded so generously to our various requests for donations and other help with port events and fundraising activities.

#### **New Fundraising Campaign – Young People First**

With cash reserves depleted following the implementation of the Challenger initiative, the Trust now needs funds to get more young people to sea who would otherwise not get the chance. That is why we are about to launch Young People First, a new fundraising campaign, led initially by the Trust's Chairman, Martin Jay.

## **TALL SHIPS YOUTH TRUST**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

#### **New Fundraising Campaign – Young People First (continued)**

The aim is to raise £5M over the next five years. The campaign will use a "major gift" or "one to one" method. This relies on an individual approaching another individual who is personally known to them and who has significant personal wealth themselves or access to it. As such, it relies as much on the personal relationship between the asker and the potential donor as the cause for which the donation is given. Having now developed the overall strategy and the supporting resources, including a campaign brochure, the programme of activity is beginning in earnest as we go to print.

#### **Volunteers**

The Tall Ships Youth Trust has thousands of individuals who dedicate themselves to the service of the Trust and its mission for young people. Some are involved in our volunteer support groups (Branches). Others offer their services on the ships or help out as and when they can at fundraising events and exhibitions. Many are involved in several activities for the Trust at the same time. We estimate that the Trust has some 2,500 individuals currently giving freely and regularly of their time. We are very grateful to them all.

#### **Structure, Governance and Management**

The Tall Ships Youth Trust is a charitable company limited by guarantee. The governing documents are its Memorandum and Articles of Association. For the purposes of Company Law, the Trustees listed on page 1, all of whom served throughout the year except as otherwise stated, are the directors of the company and are elected by resolution of the company in a general meeting. The company is administered under the control of the Trustees, sitting as the Council of Management, who have the general control of and responsibility for the management of the Trust and its subsidiary companies. The trading operations of the Trust are devolved to its wholly owned subsidiary, Tall Ships Limited.

As well as appointing directors to the subsidiary companies, the Council establishes other committees to deal with different aspects of the Trust's work as necessary. The day-to-day management of the Trust is delegated to the Chief Executive. We congratulate and thank our small but extremely professional, committed and hard working team at Head Office for achieving such remarkable success over recent years on such limited resources.

We are also fortunate to have such a wealth of knowledge, skills and experience on our Trustee board. As part of our annual planning process, we review and amend our Trustee matrix, a statement of the ideal mix of backgrounds and attributes needed collectively by the Trustees in order to effectively manage the Trust. Using this as a guide, we then recruit new Trustees to fill vacancies as they arise. The nominations, screening and selection process for new Trustees is managed on the Council's behalf by an Appointments Committee consisting of three Trustees including the Chairman and Deputy Chairman. Additional Trustees are involved as appropriate. Candidates are invited to meet at least two Members of the appointments Committee and the Chief Executive. As part of the appointments process all new Trustees also receive a full briefing on the Trust's financial performance, business plans and key issues, and meet key employees. On conclusion of this process, the Appointments Committee recommend candidates to the Council which decides on the appointment and if successful co-opts the individual until the next AGM at which their appointment is agreed by the Members.

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Structure, Governance and Management (continued)**

In July 2007, we appointed Bill Cornie as a Trustee and in October 2007, we appointed Charlotte Wake, who, at the age of 25 is our first young person Trustee. In July 2007, we said farewell to David Darbyshire after seven years in which he was also Chair of Governance and Finance and Chair of the Investment Sub-committee. Three new Vice Patrons, David Darbyshire, Rob Morley and Ian Ventham were also appointed during the year. We thank all who gave of their time to act as Trustees and Vice Patrons during the year.

Sadly, we lost two Vice Patrons in 2007/08. Sir George Vallings passed on in December 2007 and Miles Kington passed on in February 2008. We will miss them both very much.

### **Financial Results for the Year Ended 29 February 2008**

Outgoing resources for the year, net of income, were £1,328K (2006/07 £553K) and the Trust ended the year with £6,847K in its unrestricted funds and £2,526K in its restricted and endowment funds, so that total funds are £9,373K.

The £775K reduction year on year in overall financial performance was due to number of factors. Most significantly, the 2007 results benefited from a legacy of £600K, whereas the 2008 results reflect the cost of implementing the Challenger initiative and laying up Prince William (£200K), together with certain write-offs and provisions (£270K). These additional costs were to some extent offset by new income from Trustees' fundraising activities (£155K) and the sale of donated shares (£205K):-

- Voluntary income was down by £412K, which reflects the £600K legacy received in 2006/07, offset by £155K generated during the year through Trustees' fundraising activities.
- Income from charitable activities was down by £262K, due to lower voyage revenues, though these were offset by £204K savings on ship's operations, as explained below.
- Expenditure on charitable activities increased by £212K:-
  - Implementation and pre-operating costs of the Challengers, together with lay-up costs of the Prince William, amounted to £200K,
  - In addition, £132K, being the unexpired portion of the Prince William dry docking costs, was written off,
  - As explained in Note 24, a provision of £144k has been made against the MNOPF pension deficit,
  - These expenditures are for the most part non-recurring and were offset by a £204K reduction in ships operating costs, due to withdrawal of the Prince William, lower Challengers' running costs and careful cost management.
- The Golden Jubilee events, reflected in the 2006/07 accounts, were not repeated in 2007/08, resulting in £40K reduction in income from activities for generating funds, balanced by £32K reduction in fundraising costs.

Although net outgoing resources for the year were £1,328K, the Trust's borrowings as shown in Note 17 have not significantly increased and were £909K (2007 £894K).

Income generation and cost control remain the financial priorities of the Trust for the foreseeable future.

# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Future Financial Prospects and Reserves Policy**

The Trust's immediate short term aim is to generate sufficient income to match outgoings.

A main task is to use the ships to their fullest potential to earn revenues in ways appropriate to the charity's purposes. The withdrawal of Prince William and the introduction of the Challenger Fleet is central to the new strategy to deliver the charity's mission. Resources are also being invested into developing the Trust's fundraising activities in addition to the major fundraising campaign referred to on pages 11-12. It is recognised that it will take time until the income generated starts to flow. However, the Trustees see this as the key to putting the Trust's financial position onto a sounder footing.

Discussions are also well advanced into extending the Trust's borrowings, secured against the future proceeds of sale of Prince William, to ensure that the Trust has sufficient cash to enable it to operate its reconfigured fleet until at least 2010.

The Trustees recognise that 2008/09 will be another challenging year financially but take comfort from previous years' achievements faced with equally challenging circumstances.

The Trustees' medium term objective is to build the Trust's reserves to protect our charitable mission against unexpected events, for example the consequences should one or more of the vessels have to be temporarily out of service. The Trustees have therefore set a goal of building available assets of the unrestricted funds to a level of between six and twelve months of our operating costs. We recognise that it will take a significant period of years to achieve this goal but, once achieved, it will protect the charitable work of the Trust's thousands of supporters of the past half century.

### **Investment Powers and Investment Policy**

The Articles of Association give the Trustees the power to invest the monies of the Trust not immediately required for its purposes in or upon such investments, securities or other property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed by law.

In 2005 the Trustees decided that the endowment funds amounting to £929K and £500K of the International restricted fund should be invested with the aim of earning a higher overall return than interest bearing deposits permitted. The specialist charities' division of Bell Lawrie Investment Management, a division of Brewin Dolphin Securities, were appointed to manage the Trust's portfolio of investments on a discretionary basis and with a medium risk profile. The annual investment return which has been achieved from the managed portfolio is about 3½%. Up to December 2007, the annual return was about 8%, which is higher than would have been achieved if the holdings were held in cash or bonds. Turbulent market conditions since then have affected the value of the portfolio and the position is being closely monitored.

In May 2005 The Charity Commissioners for England and Wales issued an order enabling the Trust to apply a total return approach to its Endowment Fund assets. In the year £40.5K has been withdrawn as the income component of the total return, meeting the obligations set out in the trust deed of the Andrew Salvesen Endowment Trust. The Trustees consider that at this level of withdrawal the endowment capital remains fully protected.



# **TALL SHIPS YOUTH TRUST**

## **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

---

### **Investment Powers and Investment Policy (continued)**

#### **Risk Review**

The major operational, reputational and financial risks to which the Trust is exposed, as identified by Council, have been reviewed and systems have been established to mitigate those risks.

The main financial risks are described in more detail below:

**Price Risk** - The Trust's exposure to price risk consists mainly of movements in the value of the Trust's investments. The Trust employs an investment manager who works within guidelines set out by the Council. These guidelines include limits on the total investment in any one particular equity instrument and in any one sector of the market. The aim is to try to diversify away price risk, as far as possible.

The Trustees keep under review these guidelines and quarterly review the performance of the investments and the performance of the investment manager against the guidelines set by the Trustees.

**Liquidity Risk** - The Trust seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

**Interest Rate Risk** - The Trust aims to finance its operations through a mixture of retained profits, bank borrowings and other loans. The Trust has exposure to interest rate fluctuations on its bank borrowings which are at a floating rate.

**Credit Risk** - The Trust's principal financial assets are investments, bank deposits, cash and debtors. The credit risk associated with the bank deposits and cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its debtors. In order to manage credit risk all voyage fees must be paid before a voyage commences.

#### **Statement of Trustees' Responsibilities**

The Trustees (who are also directors of Tall Ships Youth Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

# TALL SHIPS YOUTH TRUST

## REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 29 FEBRUARY 2008

---

### Statement of Trustees' Responsibilities (continued)

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

The Trustees are responsible for keeping proper accounting records that 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 1985. They 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.

In so far as the Trustees are aware:

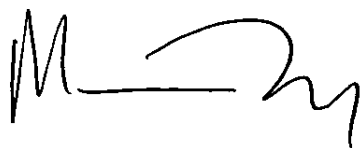
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE TRUSTEES



Martin Jay CBE DL  
Chairman of the Council  
9 June 2008

## **REPORT OF THE INDEPENDENT AUDITOR**

### **TO THE MEMBERS OF TALL SHIPS YOUTH TRUST**

---

We have audited the group and parent charitable company financial statements (the "financial statements") of Tall Ships Youth Trust for the year ended 29 February 2008 which comprise the principal accounting policies, the consolidated statement of financial activities, the consolidated summary income and expenditure account, the consolidated and charitable company balance sheets and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Trustees and Auditors**

The responsibilities of the trustees (who are also the directors of Tall Ships Youth Trust for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed..

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## REPORT OF THE INDEPENDENT AUDITOR

### TO THE MEMBERS OF TALL SHIPS YOUTH TRUST (CONTINUED)

---

#### Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 29 February 2008 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 29 February 2008.

*Grant Thornton UK LLP.*

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
SOUTHAMPTON  
9 JUNE 2008

# **TALL SHIPS YOUTH TRUST**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice: Accounting and Reporting by Charities (the SORP) issued in March 2005, and the Companies Act 1985. They have been prepared under the historical cost convention except for investments included at market value.

As set out in the Trustees' Report, the Trustees have implemented a strategy to reduce the Trust's operating costs over the long term. As part of that strategy the Trustees are in advanced discussion regarding bridging finance to complete the implementation of the Challenger initiative, including purchasing the three Challengers that are currently owned by others (see note 26), pending the sale of one of its Brigs. Current forecasts show that this and existing borrowings, which will be repaid from the proceeds of sale of the Brig, will enable the Trust and its subsidiary to trade and deliver its revised business plan. On the assumption that the bridging finance described will be available, the Trustees consider it appropriate to continue to prepare the financial statements on a going concern basis.

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 12) drawn up to 29 February 2008. The results of the charity's trading subsidiary, Tall Ships Limited, have been consolidated on a line by line basis. Surpluses or deficits on intra group transactions are eliminated in full. The financial statements of the charity incorporate those of its branches, which prepare accounts to 31 December annually.

### **INCOMING RESOURCES**

#### **Voyage Fees**

Voyage fees are accounted for in the year in which the voyage commences.

#### **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. Annual membership fees are recognised over the period to which they relate.

Donations and any associated income tax recoveries when donated under gift aid are credited as income when the amounts are received.

#### **Activities for Generating Funds**

Revenue from activities such as special fund raising events is recognised in the period in which the activity or event occurs.

# **TALL SHIPS YOUTH TRUST**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **Investment income**

Investment income is recognised when receivable.

### **Incoming Resources from Charitable Activities**

Revenue from voyage fees is recognised in the year in which the voyage commences.

### **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 initially credited to restricted incoming resources when receivable. On completion of the purchase or construction of the fixed asset towards which the grant was receivable, the amount of grant is transferred from restricted to unrestricted resources.

## **RESOURCES EXPENDED**

Expenditure is recognised when a liability is incurred.

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

- Charitable expenditure incurred directly in the fulfilment of the charity's objectives.
- Costs of generating funds, being those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Other costs comprise interest payable on loans.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

## **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.

Endowment funds represent those funds which must be held permanently on trust by the charity for the benefit of the charity.

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.

## **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.

# **TALL SHIPS YOUTH TRUST**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost or valuation, net of depreciation. The costs of the new ships include all direct costs incurred before entry into service. Depreciation is calculated on all tangible fixed assets to write down the cost or valuation less estimated residual value by annual instalments over their expected useful lives. The periods generally applicable are:

Ships	25 years
Challenger Yacht	25 years
Computers and Office Equipment	5 years
Display and Exhibition Equipment	3 years
Fixtures and Fittings	18 months

### **INVESTMENTS**

Assets held for investment purposes are included at market value.

Traded securities are valued at the mid-point quotation in the Stock Exchange Daily List. Other investment assets are included at the trustees' best estimate of market value. Donated shares that come with a requirement that they be held for a fixed period are included in the Balance Sheet at a value assessed by the trustees at the date of receipt. This value is then reviewed by the trustees at each balance sheet date.

### **STOCKS**

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

### **RETIREMENT BENEFITS**

#### **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.

### **LEASED ASSETS**

All 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.

# TALL SHIPS YOUTH TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2008 £	Total 2007 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	1	514,694	411,168	-	925,862	1,338,250
Activities for generating funds	2	35,147	-	-	35,147	74,856
Investment income		12,801	58,592	32,410	103,803	81,207
Incoming resources from charitable activities	3	1,250,494	-	-	1,250,494	1,511,902
<b>Total incoming resources</b>		<b>1,813,136</b>	<b>469,760</b>	<b>32,410</b>	<b>2,315,306</b>	<b>3,006,215</b>
<b>Resources expended</b>						
Costs of generating funds	7					
Costs of generating voluntary income		294,486	-	-	294,486	327,496
Fundraising trading: costs of goods sold and other costs		29,638	-	-	29,638	61,315
Investment management costs		-	5,344	4,774	10,118	7,356
Charitable activities		2,860,360	426,153	-	3,286,513	3,074,620
Governance costs		52,472	-	-	52,472	44,953
Other costs		97,750	-	-	97,750	63,440
<b>Total resources expended</b>		<b>3,334,706</b>	<b>431,497</b>	<b>4,774</b>	<b>3,770,977</b>	<b>3,579,180</b>
<b>Net (outgoings) before transfers</b>		<b>(1,521,570)</b>	<b>38,263</b>	<b>27,636</b>	<b>(1,455,671)</b>	<b>(572,965)</b>
Transfers between funds	18-20	74,919	(34,419)	(40,500)	-	-
Gains/(losses) on investment assets		182,692	(20,396)	(34,936)	127,360	19,294
<b>Net (outgoing)/incoming resources for the year</b>		<b>(1,263,959)</b>	<b>(16,552)</b>	<b>(47,800)</b>	<b>(1,328,311)</b>	<b>(553,671)</b>
Fund balances brought forward at 1 March 2007		8,110,754	1,593,450	997,011	10,701,215	11,254,886
<b>Fund balances carried forward at 29 February 2008</b>		<b>6,846,795</b>	<b>1,576,898</b>	<b>949,211</b>	<b>9,372,904</b>	<b>10,701,215</b>

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

All operations of the Trust and its subsidiaries are classed as continuing



## TALL SHIPS YOUTH TRUST

### CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 29 FEBRUARY 2008

---

	2008 £	2007 £
Total income	2,282,896	2,976,536
Total expenditure	<u>3,766,203</u>	<u>3,574,398</u>
Net outgoings for the year before transfers	<u>(1,483,307)</u>	<u>(597,862)</u>

Total income comprises £1,813,136 (2007: £2,040,483) for unrestricted funds and £469,760 (2007: £936,053) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analysis of expenditure is provided in the statement of financial activities and note 7.

The summary income and expenditure account is derived from the statement of financial activities on page 22 and excludes all income and expenditure on the endowment funds. The statement of financial activities together with the notes on pages 25 to 35, provides full information on the movements during the year on all the funds of the Charity.

# TALL SHIPS YOUTH TRUST

## BALANCE SHEETS

AS AT 29 FEBRUARY 2008

	Note	Consolidated 2008 £	2007 £	Tall Ships Youth Trust 2008 £	2007 £
<b>Fixed assets</b>					
Tangible assets	11	<b>9,240,887</b>	9,244,558	<b>9,240,887</b>	9,244,558
Investments	12	-	-	<b>160,409</b>	160,409
		<b>9,240,887</b>	9,244,558	<b>9,401,296</b>	9,404,967
<b>Current assets</b>					
Stocks		<b>5,252</b>	10,732	<b>250</b>	632
Debtors	13	<b>293,629</b>	1,089,765	<b>93,172</b>	938,787
Investments	14	<b>1,240,321</b>	1,581,290	<b>1,240,321</b>	1,581,290
Cash at bank and in hand		<b>103,828</b>	3,229	<b>73,007</b>	2,979
		<b>1,643,030</b>	2,685,016	<b>1,406,750</b>	2,523,688
<b>Creditors: amounts falling due within one year</b>	15	<b>(1,111,646)</b>	(1,028,359)	<b>(1,146,254)</b>	(1,005,083)
<b>Net current assets</b>		<b>531,384</b>	1,656,657	<b>260,496</b>	1,518,605
<b>Total assets less current liabilities</b>		<b>9,772,271</b>	10,901,215	<b>9,661,792</b>	10,923,572
<b>Creditors: amounts falling due after more than one year</b>	16	<b>399,367</b>	200,000	<b>266,531</b>	200,000
		<b>9,372,904</b>	10,701,215	<b>9,395,261</b>	10,723,572
<b>Capital funds</b>					
Endowment funds	18	<b>949,211</b>	997,011	<b>949,211</b>	997,011
<b>Income funds</b>					
Restricted funds	19	<b>1,576,898</b>	1,593,450	<b>1,576,898</b>	1,593,450
Unrestricted funds	20	<b>6,846,795</b>	8,110,754	<b>6,869,152</b>	8,133,111
		<b>9,372,904</b>	10,701,215	<b>9,395,261</b>	10,723,572

The financial statements were approved by the Trustees on 9 June 2008



Martin Jay CBE DL  
Chairman of the Council

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

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 1 INCOMING RESOURCES FROM VOLUNTARY INCOME

	2008 £	2007 £
Donations	661,499	454,747
Legacies	154,655	689,158
Grants	54,232	141,789
Membership	55,476	52,556
	<u>925,862</u>	<u>1,338,250</u>

### 2 INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING INCOME

	2008 £	2007 £
Fundraising Events	<u>35,147</u>	<u>74,856</u>

### 3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2008 £	2007 £
Generated from Ship Operations	1,199,256	1,459,952
Grants	<u>51,238</u>	<u>51,950</u>
	<u>1,250,494</u>	<u>1,511,902</u>

### 4 GRANTS

Material grants receivable during the year were as follows:

Category	Source	2008 £	2007 £
Youth Work	Department for Children, Schools and Families	54,232	141,789
Youth Work	Association of Sea Training Organisations	<u>51,238</u>	<u>51,950</u>

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 5 NET INCOME FROM ACTIVITIES OF SUBSIDIARIES

The Charity's only active subsidiary is Tall Ships Limited. A summary of its results for the year is set out below:

	2008 £	2007 £
Turnover	1,543,725	1,706,392
Operating costs	(2,345,558)	(2,135,745)
Other income – subvention receipt	791,015	419,218
Operating loss	(10,818)	(10,135)
Interest receivable	10,818	10,135
Net profit	-	-

The net assets and liabilities of the active subsidiary are:

	2008 £	2007 £
Fixed and current assets	514,846	471,964
Creditors: amounts falling due within one year	(382,010)	(471,964)
Creditors: amounts falling due after more than one year	(132,836)	-
Total net assets/(liabilities)	-	-
Aggregate of share capital and reserves	-	-

### 6 BRANCHES

The financial results of the branches of Tall Ships Youth Trust are consolidated into these accounts on the basis of returns as of 31 December annually submitted by each branch. Branches raised £89,095 (2007: £132,366) in the year.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 7 ANALYSIS OF RESOURCES EXPENDED

	Direct costs £	Support costs £	Total 2008 £	Total 2007 £
<b>Cost of generating funds</b>				
Costs of generating voluntary income:				
Fundraising costs	233,758	71,728	<b>305,486</b>	280,128
Costs related to Grant received	(11,000)	-	<b>(11,000)</b>	47,368
	<u>222,758</u>	<u>71,728</u>	<u><b>294,486</b></u>	<u>327,496</u>
 Fundraising trading:				
Events costs	<u>29,234</u>	<u>404</u>	<u><b>29,638</b></u>	<u>61,315</u>
 Investment management costs:	<u>10,118</u>	<u>-</u>	<u><b>10,118</b></u>	<u>7,356</u>
 <b>Charitable activities</b>				
Ship related costs	2,017,220	-	<b>2,017,220</b>	1,891,888
Depreciation	286,059	-	<b>286,059</b>	284,612
Voyage fees and other costs paid from restricted and endowment funds	401,864	-	<b>401,864</b>	463,043
Other expenses	<u>433,435</u>	<u>147,935</u>	<u><b>581,370</b></u>	<u>435,077</u>
	<u>3,138,578</u>	<u>147,935</u>	<u><b>3,286,513</b></u>	<u>3,074,620</u>
 <b>Governance costs</b>				
Auditors' remuneration	30,082	-	<b>30,082</b>	24,050
Staff costs	12,803	-	<b>12,803</b>	12,430
Administrative expenses	<u>6,258</u>	<u>3,329</u>	<u><b>9,587</b></u>	<u>8,473</u>
	<u>49,143</u>	<u>3,329</u>	<u><b>52,472</b></u>	<u>44,953</u>
 <b>Other Costs</b>				
Interest payable and other charges	<u>97,750</u>	<u>-</u>	<u><b>97,750</b></u>	<u>63,440</u>
 Total resources expended include:			<b>2008</b>	2007
			£	£
Auditors remuneration				
Audit services			<b>21,000</b>	21,000
Non-Audit services			<b>9,082</b>	3,050
 Depreciation			<b>293,854</b>	295,452
 Operating lease rentals			<u><b>25,723</b></u>	<u>26,371</u>

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 8. EMPLOYEES

Employee costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	365,796	351,654
Social security costs	38,959	37,610
Other pension costs	24,058	23,530
	<u>428,813</u>	<u>412,794</u>

In addition to the other pension costs shown above, provision has been made for a liability of £144,081 in respect of deficits on an industry wide pension scheme as explained in Note 24.

The average number of employees during the year were as follows:

	2008	2007
Management and administration	<u>12</u>	<u>12</u>

The emoluments of one employee fell within the range £60,000 to £70,000 during this year.

### 9 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 for travel and subsistence were paid to 3 (2007:1) Trustees during the year and in total amounted to £1,038 (2007: £302).

### 10 DEFICIT OF EXPENDITURE OVER INCOME

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

The deficit of expenditure over income for the year includes £1,328,311 (2007: £553,671) that is dealt with in the financial statements of the charity. This is stated after the subvention payment of £791,015 (2007: £419,218) to its subsidiary Tall Ships Limited.

Details of the results of the trading subsidiaries are set out in note 5.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 11 TANGIBLE FIXED ASSETS

<b>Consolidated and Tall Ships Youth Trust</b>	<b>Ships £</b>	<b>Challenger Yacht £</b>	<b>Computers, Fixtures and Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 March 2007	11,083,198	-	135,145	11,218,343
Additions	-	290,000	183	290,183
At 29 February 2008	<u>11,083,198</u>	<u>290,000</u>	<u>135,328</u>	<u>11,508,526</u>
<b>Depreciation</b>				
At 1 March 2007	1,854,341	-	119,444	1,973,785
Provided in the year	282,837	3,222	7,795	293,854
At 29 February 2008	<u>2,137,178</u>	<u>3,222</u>	<u>127,239</u>	<u>2,267,639</u>
<b>Net book amount at 29 February 2008</b>	<b><u>8,946,020</u></b>	<b><u>286,778</u></b>	<b><u>8,089</u></b>	<b><u>9,240,887</u></b>
<b>Net book amount at 28 February 2007</b>	<b><u>9,228,857</u></b>	<b><u>-</u></b>	<b><u>15,701</u></b>	<b><u>9,244,558</u></b>

As explained in the Trustees' Report, the Trustees have decided to sell one of the Brigs as part of a reconfiguration of the fleet. The two Brigs were built in 2000 and 2001 as sister ships, to the Trust's specification and at a cost of £5.5 million each. The Trustees have been advised that the build cost of a similar Brig today would be in the region of £16 million.

When a significant asset is withdrawn from use and offered for sale, the standard accounting treatment is to report its carrying value in the accounts at its net realisable value. However, a sail training Brig is highly specialised asset and, at this stage in the sale process, the Trustees consider that they are unable to assess accurately whether the net realisable value will be significantly greater or less than the current net book value of £4.47m. There has been considerable interest expressed to the Trust in acquiring one of the Brigs since the marketing began in March 2008. The process of selling the vessel could be a long one, not least because many of the organisations that have expressed interest would need to raise funding from sponsors, government bodies and other sources. In addition, there are few, if any, recent examples of sales of modern sail training vessels similar to the Brigs owned by the Trust.

### 12 FIXED ASSET INVESTMENTS

	<b>2008 £</b>	<b>2007 £</b>
Investment in Subsidiary undertakings	<u>160,409</u>	<u>160,409</u>

At 29 February 2008 the charity held the whole of the issued share capital of its active subsidiary – Tall Ships Limited engaged on the operation of tall ships. The charity also held the whole of the issued share capital of the following dormant companies – Tall Ships Races Limited, Tall Ships Classics Limited, Tall Ships Events Limited, STA Tall Ships Limited, International STA Limited, Tall Ships Youth Limited, Tall Ships Crew Limited, Tall Ships Adventures Limited and The Sail Training Association. All of the subsidiary undertakings have been consolidated in these financial statements.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 13 DEBTORS

	Consolidated 2008 £	2007 £	Tall Ships Youth Trust 2008 £	2007 £
Trade debtors	45,146	68,665	45,146	-
Amounts owed by group undertakings	-	-	19,586	283,148
Unamortised dry docking costs	206,495	339,729	-	-
Other debtors	31,753	673,791	18,205	648,059
Prepayments	10,235	7,580	10,235	7,580
	<b>293,629</b>	<b>1,089,765</b>	<b>93,172</b>	<b>938,787</b>

Other debtors at 28 February 2007 includes £600,000 due from a legacy, notified in January 2007.

### 14 CURRENT ASSET INVESTMENTS

	Consolidated 2008 £	2007 £	Tall Ships Youth Trust 2008 £	2007 £
Listed investments (in the UK)	1,090,329	1,482,134	1,090,329	1,482,134
Cash held as part of portfolio	144,850	94,014	144,850	94,014
Unlisted investments (in the UK)	5,142	5,142	5,142	5,142
	<b>1,240,321</b>	<b>1,581,290</b>	<b>1,240,321</b>	<b>1,581,290</b>

Listed investments are stated at the lower of trustees' valuation or their market value as at the balance sheet date. Unlisted investments have been valued by the trustees.

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

	Consolidated 2008 £	2007 £	Tall Ships Youth Trust 2008 £	2007 £
Bank loans and overdraft (unsecured)	612,844	534,374	612,844	599,213
Loans from trustees (unsecured)	30,000	160,000	30,000	160,000
Payments received on account	72,924	144,526	-	-
Trade creditors	107,290	42,952	25,969	18,892
Amounts owed to group undertakings	-	-	416,618	167,495
Social Security and other taxes	-	8,654	-	-
Other creditors and accruals	288,588	137,853	60,823	59,483
	<b>1,111,646</b>	<b>1,028,359</b>	<b>1,146,254</b>	<b>1,005,083</b>

During the year loans from trustees of £160,000 have been repaid and new loans of £30,000 advanced. These loans are repayable from the sale proceeds of fixed assets.



# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated 2008 £	2007 £	Tall Ships Youth Trust 2008 £	2007 £
Bank and other loans (unsecured)	<b>266,531</b>	200,000	<b>266,531</b>	200,000
Other creditors	<b>132,836</b>	-	-	-
	<b>399,367</b>	200,000	<b>266,531</b>	200,000

### 17 BORROWINGS

Borrowings are repayable as follows:

	Consolidated 2008 £	2007 £	Tall Ships Youth Trust 2008 £	2007 £
Within one year				
Bank and other borrowings	<b>642,844</b>	694,374	<b>642,844</b>	759,213
After one and within two years				
Bank and other borrowings	<b>266,531</b>	200,000	<b>266,531</b>	200,000
	<b>909,375</b>	894,374	<b>909,375</b>	959,213

### 18 ENDOWMENT FUNDS

	Andrew Salvesen £	Michael Crocker £	Nova Scotia £	Lord Burnham £	Total £
At 1 March 2007 as previously stated	900,000	7,591	7,566	13,843	<b>929,000</b>
Restatement of funds transfer	60,453	1,872	1,584	4,102	<b>68,011</b>
At 1 March 2007 restated	960,453	9,463	9,150	17,945	<b>997,011</b>
Incoming resources	31,357	277	275	501	<b>32,410</b>
Resources expended	(4,619)	(41)	(41)	(73)	<b>(4,774)</b>
Transfers to unrestricted funds	(40,500)	-	-	-	<b>(40,500)</b>
Gains/(losses) on investment assets	(33,801)	(298)	(297)	(540)	<b>(34,936)</b>
At 29 February 2008	<b>912,890</b>	<b>9,401</b>	<b>9,087</b>	<b>17,833</b>	<b>949,211</b>

## TALL SHIPS YOUTH TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 29 FEBRUARY 2008

The Andrew Salvesen fund was established in November 1999 with a donation from the Andrew Salvesen Charitable Trust. In March 2004 a Trust Deed was established to create the Andrew Salvesen Endowment Trust whose initial asset is this capital sum of £900,000. The object of this Trust is to generate income to enhance the personal development of young people through crewing tall ships. Tall Ships Youth Trust is the sole trustee of the Andrew Salvesen Endowment Trust which has been registered as a subsidiary of Tall Ships Youth Trust with the Charity Commission.

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. The income is shared with the American Sail Training Association and is to support a voyage berth.

The Lord Burnham fund was set up in his memory following his death in June 1993. Income is for contributions to Voyage fees aboard the Trust's ships for trainees ideally but not exclusively from Eastern Europe.

The Charity Commission permitted the Trust to adopt the use of total return investment powers in relation to its permanent endowment investments by an order granted in May 2005. The power permits the trustees to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income (as disclosed in the fund transfers, notes 18 and 20), the unapplied total return remains invested as part of the Permanent Endowment.

Unapplied total return at 1 March 2007	68,011
Investment return - dividends and interest	32,410
Investment return - gains and losses	(34,936)
Investment management costs	(4,774)
	<hr/>
Unapplied total return before transfer to income	60,711
Unapplied total return applied	(40,500)
	<hr/>
Unapplied total return at 29 February 2008	20,211
Original value of gifts	929,000
	<hr/>
Permanent endowment including the unapplied total return	949,211

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 19 RESTRICTED FUNDS

	Specific Funds £	International Fund £	Total £
At 1 March 2007 as previously stated	940,943	720,518	1,661,461
Restatement of funds transfer	(68,011)	-	(68,011)
At 1 March 2007 restated	872,932	720,518	1,593,450
Incoming resources	445,752	24,008	469,760
Expenditure	(267,541)	(163,956)	(431,497)
Transfers to unrestricted funds	(34,419)	-	(34,419)
Gains/(losses) on investment assets	(826)	(19,570)	(20,396)
At 29 February 2008	1,015,898	561,000	1,576,898

The Specific Funds are donations made to the Trust to be used for specified purposes. At 29 February 2008 there were 75 separate funds (2007: 74).

The International Fund is restricted within the accounts of the Trust for the support of international sail training activities. Expenditure during the year relates mainly to grants made under the scheme introduced in 2002 to support initiatives that facilitate the personal development of young people (aged 15 to 25) through sail training on tall ships and have an international dimension. In 2006 a new Young Peoples Race Scheme was introduced to support young people participating in the race series organized by Sail Training International. In its first year this scheme distributed grants totalling £91,000.

### 20 UNRESTRICTED FUNDS

	Consolidated £	Tall Ships Youth Trust £
At 1 March 2007	8,110,754	8,133,111
Incoming resources	1,813,136	553,653
Expenditure	(3,334,706)	(1,186,626)
Transfers from endowment funds	40,500	40,500
Transfers from restricted funds	34,419	34,419
Transfers to subsidiary undertaking	-	(888,597)
Gains/(losses) on investment assets	182,692	182,692
At 29 February 2008	6,846,795	6,869,152

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
<b>Consolidated</b>				
Tangible fixed assets	9,240,887	-	-	<b>9,240,887</b>
Current assets	(883,079)	1,576,898	949,211	<b>1,643,030</b>
Current liabilities	(1,111,646)	-	-	<b>(1,111,646)</b>
Creditors: due after one year	(399,367)	-	-	<b>(399,367)</b>
	<b>6,846,795</b>	<b>1,576,898</b>	<b>949,211</b>	<b>9,372,904</b>
<b>Tall Ships Youth Trust</b>				
Tangible fixed assets	9,240,887	-	-	<b>9,240,887</b>
Investments	160,409	-	-	<b>160,409</b>
Current assets	(1,119,359)	1,576,898	949,211	<b>1,406,750</b>
Current liabilities	(1,146,254)	-	-	<b>(1,146,254)</b>
Creditors: due after one year	(266,531)	-	-	<b>(266,531)</b>
	<b>6,869,152</b>	<b>1,576,898</b>	<b>949,211</b>	<b>9,395,261</b>

### 22 CAPITAL COMMITMENTS

Other than as shown in Note 26 there were no capital commitments at 29 February 2008 or 28 February 2007. No amounts were authorised but not yet contracted for.

### 23 CONTINGENT LIABILITIES

There were no contingent liabilities at 29 February 2008 or at 28 February 2007.

### 24 PENSIONS

#### Defined contribution scheme

The group makes contributions towards individual pension schemes for the benefit of certain employees. The assets of these schemes are administered by Trustees in funds independent from those of the Tall Ships Youth Trust and its subsidiary companies. Contributions made during the year are disclosed in note 8.

#### Defined benefit scheme

A number of the Trust's seagoing personnel have belonged to an industry wide pension scheme – the Merchant Navy Officers Pension Fund ('MNOFF'). The Trustee Board of this scheme has advised that part of the scheme is in deficit and it is apportioning the deficit between participating employers. The Trust's share of the deficit from the March 2003 actuarial valuation was assessed as £81,365 and a further assessment was raised for £11,716 representing the Trust's share of the shortfall in amounts collected from participating employers. The total liability will be paid over eight annual instalments of £13,385 (including interest at 6.8%).

The Trustee Board of the scheme has advised that a further deficit of £66,312 has arisen as a result of the March 2006 actuarial valuation. The Trust has requested that this deficit is cleared by a series of annual instalments (including interest) until 2022, but the payment plan has yet to be agreed.

The aggregate liability at 29 February 2008 was £144,081.

# TALL SHIPS YOUTH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 25 LEASING COMMITMENTS

Operating lease payments amounting to £25,459 (2007: £26,371) are due within one year. The leases to which these amounts relate expire as follows:

	2008		2007	
	Land & buildings £	Other £	Land & buildings £	Other £
In one year or less	-	4,709	-	912
Between two and five years	-	-	-	4,709
In more than five years	20,750	-	20,750	-
	<u>20,750</u>	<u>4,709</u>	<u>20,750</u>	<u>5,621</u>

### 26 RELATED PARTY TRANSACTIONS

During the year the Trust entered into charter agreements with Mr M P Aiken, Mr G W Pritchard-Gordon and Mr J A F Cowderoy for the use of three Challenger Yachts owned by them. Under the charter agreements the Trust has a commitment to purchase these yachts on the earlier of the sale of the Brig (see Note 11) or 9 August 2009.

## **Tall Ships Youth Trust**

2A The Hard, Portsmouth, Hampshire, PO1 3PT  
Tel: +44 (0) 23 9283 2055 Fax: +44 (0) 23 9281 5769  
e-mail: [info@tallships.org](mailto:info@tallships.org) [www.tallships.org](http://www.tallships.org)