



# **SAILORS' SOCIETY**

**Registered charity number: 237778**

**Company limited by guarantee  
registered in England & Wales number: 86942**

## **TRUSTEES' REPORT AND GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2019

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### INTRODUCTION

Our 200<sup>th</sup> anniversary year in 2018 was all about celebrating our history and the monumental Sailors' Society journey from a floating chapel in London's docklands to the global maritime welfare charity we are today. Moving on into 2019, our focus shifted to the future; evaluating and building upon our life-changing, diverse work covering everything from ship visiting, wellness training and crisis response to education and healthcare in some of the world's poorest communities. Our chaplains, based in ports across the globe, reach around 1,000 seafarers every day, bringing much needed comfort, conversation and contact with dearly missed loved ones back home through phone cards and Wi-Fi hubs. This contact with someone who cares was at the core of our work at the beginning and remains so today. As we look at our strategy and plans going forwards, the needs of the world's seafarers remain our top priority; the mental health support they require, the crisis support they and their families rely on when things go horribly wrong and the impact a simple 'how are you?' can have. It can, and has, made the difference between life and death. The work we do, at home, in port and at sea, makes a difference to so many lives - from young children just starting out on their education journeys to seafarers traumatised by pirate attacks. We are there for every journey, offering a hand of friendship and hope. We all rely on seafarers; seafarers rely on us.

### VISION, MISSION AND OBJECTS

Our vision is for Sailors' Society to be a leading charity for the welfare and well-being of seafarers and their families worldwide.

Our mission is to meet the practical, emotional and spiritual needs of seafarers and their families at home, in port and at sea.

"The objects for which the Charity is established are to benefit British and foreign seafarers, ex-seafarers and intending seafarers and their families and dependents and the communities in which those people live or work by the advancement of the Christian religion, the advancement of education and the relief of poverty and distress and the promotion of any charitable purpose by such ways and means as the Charity shall think fit and for such purposes to do all such lawful things as are necessary to the attainment of the foregoing objects."

#### The advancement of the Christian religion

While our ministry is motivated by the Christian faith, our network of chaplains and programme of activity provides services to those of all nationalities and those of any faith or none.

#### The advancement of education

We provide educational grants and scholarships to those who want to pursue a career at sea but are without the means. We provide educational support to the children of seafarers to increase future living standards of seafaring families.

#### The relief of poverty and distress

We act when the welfare of seafarers and their families is affected by tragedy, incident or accident, and make interventions that relieve poverty and distress. We provide chaplains in ports around the world where the need for welfare provision is greatest.

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#### Promotion of our charitable purpose

We actively inform the public about our cause and promote our activity to raise awareness of the ongoing needs of seafarers and their families. We regularly assess welfare provision in the locations where we are working and in locations that have limited or no welfare provision, to find new opportunities to achieve our mission.

We work collaboratively with other agencies and International Christian Maritime Association members, where there is a common purpose, to improve the lives of our beneficiaries.

We work in partnership with the maritime industry and its corporate personnel to ensure that we fully understand and respond to changing welfare needs.

Each year, we review the aims and objectives that we set as we develop our future plans. We look at and evaluate our achievements and the impact of our work during the year and refine our plans accordingly. We regularly assess the cost of delivering our services to our beneficiaries. Our charitable activities are strategically linked to our goals to ensure that we continually meet the range of our charitable objects and are usefully serving those in the maritime community for whom we work.

#### CODE OF CONDUCT

Sailors' Society is a member of the International Christian Maritime Association (ICMA) and has signed its code of conduct stating that it will:

1. Show an unconditional love to the seafarer as a human being, created in the image of God, and a sincere respect for her/his personal values and beliefs;
2. Serve seafarers and their dependents of all nationalities, religions, cultures, language, gender or race;
3. Fight prejudice, intolerance and injustice of any kind;
4. Respect the diversity of ICMA members and churches and develop that which unites them;
5. Respect the loyalty of those engaged in maritime ministry to their particular ecclesiastical discipline and tradition and refrain from proselytising seafarers;
6. Co-operate with persons, organisations and institutions, Christian or non-Christian, which work for the welfare of seafarers.

#### STRATEGIC REPORT

##### Overview

We embarked upon a new structure and strategy for the organisation in 2019, working towards a more focused programme in line with the ability to fund our global activity. Fundraising was challenging through the year and clarifying our plans unfortunately necessitated some redundancies.

Our chaplains and ship visitors worked in more than 90 ports across the world, reaching around 1,000 seafarers every day, with wider projects and services covering 30 countries. We continued, as ever, to work alongside other members of the International Christian Maritime Association – our partners in mission – and other agencies that have expertise and manpower on the ground to deliver support in a cost-effective way.

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In reporting our impact and progress through the year, we assessed our activities against the charitable objectives for the benefit of seafarers and their families as laid out in our governing document.

#### Lagarie Childrens' Home, Rhu, Scotland

In September 2018 a BBC Scotland documentary covered allegations of abuse from residents of Lagarie Childrens' Home which was operated by the Scottish Branch of the Society and was open between 1949 and 1982. The Scottish Branch was disbanded in 1982. The Society took part in the documentary and has offered and funded independent counselling support to some former residents who have been in contact. Based on the allegations as presented, the Society made a formal apology to those affected while in its care. 18 civil claims have been brought against the Society itself and three have progressed to litigation, with a preliminary hearing held in September 2020 to establish whether the Society is substantially prejudiced in its ability to defend any of the claims brought against it. An outcome to the hearing is awaited.

A dedicated member of staff was involved in taking telephone enquiries, performing archive search requests and case by case management. The Society made a reserve in its 2018 financial statements of £775,000 for potential uninsured elements of these claims should they succeed in court. This provision was amended to £1,305,000 in 2019 against which interim legal costs were charged. Details are disclosed in note 19 of the financial statements.

#### Effect of COVID-19

In February 2020 the full effects of the COVID-19 pandemic started to become evident following the outbreak in China at the very end of 2019. Financial markets fell as a result and global trade suffered.

As stated in note 2 of the financial statements, the known effects on the group are as follows:

- Port lockdowns to reduce the spread have meant that the ability to ship visit and interact with seafarers has been restricted or prohibited at times. To ensure continuity of support for seafarers we began quayside visiting wherever possible and launched an extensive virtual chaplaincy service;
- Our charity shops and Seafarers' Centres have had to close during lockdown periods affecting revenue generation, although we set up mobile centres in ports where possible;
- Sir Gabriel Wood's Mariners' Home has had to close its doors to new admissions during lockdown affecting occupancy rates;
- Investment income has generally fallen affecting both the Society's own income and that of the trusts that donate to it;
- Direct engagement with corporate donors has been hampered affecting the ability to raise funds by the Society.

Further details in respect of COVID-19 and its bearing on the trustees' assessment of the group continuing as a going concern are given in note 1 (n) of the financial statements.

#### Future plans

As leaders in the field, we will continue to develop and grow our wellness and crisis response programmes to support our beneficiaries whenever and wherever they need us most, all over the world. We will work closely with our supporters to fund our much-needed work and clearly communicate the impact our funders are having on people's lives with their generosity. Part of our role is raising awareness of the challenges facing seafarers so we will take a campaigning stance on the difficulties our beneficiaries tackle every day. Fundraising is set to become more challenging and we will need to concentrate on our core competencies, ensuring the valuable work of the charity continues to bring seafarers and their families the much needed help they have come to rely upon.

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### PROGRAMME

#### ACHIEVEMENTS

##### Chaplaincy

Sailors' Society's core welfare and wellbeing provision to seafarers is through its port chaplaincy services. Our statistics for 2019 demonstrate that our enthusiastic team of chaplains provided first rate practical and pastoral services to seafarers and their families. They visited more than 21,000 ships, reaching more than 320,000 of the world's 1.6 million seafarers, they transported 12,485 seafarers and provided printed material such as local newspapers, Bibles, books, wellness and wellbeing leaflets and local information to more than 70,500 seafarers.

Sailors' Society has a global presence in 30 countries, with 119 active chaplains and ship visitors working in more than 90 ports. In the past few years, the Society has extended its chaplaincy work through ship visitors and affiliates. We have seen this number increase steadily with approximately 50 affiliated chaplains. These affiliate chaplains are predominantly in North America, South Africa, New Zealand, and North Africa.

##### Education

Sailors' Society seeks to encourage people to engage in careers at sea. To that end, we do all we can to remove the barrier of financial hardship that precludes promising students from pursuing a career at sea or existing seafarers gaining supplementary qualifications to advance their careers.

Nautical grants offer highly sought-after opportunities to ratings, officers and cadets by offering grants for training to those with insufficient financial resources to follow such a career path,. Some 20 nautical grants were awarded last year to cadets and seafarers from the Philippines, Malaysia, Indonesia, India, and the United Kingdom.

The Society awarded 23 maritime scholarships in 2019: eight in the Philippines, two in Poland, five in Singapore, and eight in Greece.

##### Relief of poverty and distress

The Society continued to provide programmes and projects to relieve the poverty and distress of seafarers, their families, and dependents globally.

Sailors' Society maintains an emergency welfare grant, as well as a crisis grant fund to help serving merchant seafarers, retired seafarers, and their dependents. These funds provide a vital lifeline to those whose lives have been affected by a crisis at sea, including piracy, abandonment, or unemployment. The nature of the grants awarded encompass financial aid with mortgages, utilities, grants to repair homes or businesses, medical costs, as well as routine and lifesaving treatments and procedures. Chaplains recorded welfare support for over 100 recipients in 2019.

##### Retired seafarers

The Leith Aged Mariners' Fund was wound up in early 2019 and all its activities transferred to Sailors' Society Scotland. The reason for this is that the assets of the fund were far in excess of what is required to provide for current beneficiaries for the rest of their lives, and because determined efforts to seek new beneficiaries proved futile. There were nine beneficiaries remaining at 31 December 2019.

Sir Gabriel Wood's Mariners' Home, our retirement home for seafarers, is housed in a Grade A listed building dating back to 1854, and situated in Greenock, Scotland. 2018 marked the 50th year since

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Sailors' Society became custodian of Sir Gabriel Wood's Mariners' Home. In 2019 we reviewed its effectiveness as a home for retired seafarers and their dependents and began the process of making amendments to its operating model.

The Home continues to provide accommodation and care for retired ex-seafarers and those who have worked in maritime-related industries. The Home offers specialist care for people suffering from Korsakoff's syndrome, an alcohol-related illness triggering dementia which has historically been prevalent among seafarers. The Home has capacity for 43 but there was lower occupancy during the year with only 31 residents at the end of December. While the number of local authority-funded residents is reducing due to a preference for care at home and in the community, the spare capacity is offered to local councils for respite care. Sir Gabriel Wood's Court is a separate building, adjacent to the Home, consisting of 30 independent flats. The same eligibility criteria apply to tenants of these flats. At the end of the year 29 were occupied.

#### Family outreach activities

Family outreach officers based in India, Russia and the Philippines work within seafaring communities to support the families of seafarers. They provide welfare support and perform a range of activities and the Society funds a number of initiatives run by third parties. Activities in this area include: -

- Training and awareness sessions
- Hazard readiness training and disaster risk reduction
- Crisis monitoring and response support services
- Small school projects
- Seafarers' Pupils' Clubs
- Seafarers' Family Associations
- Retired seafarers' reintegration programmes
- Free medical camps
- Mobile Medical Unit services
- Community health clinic medical services
- Counselling
- Wellness at Home programmes
- School ferry services
- Delivering seafarer resilience and awareness programmes

#### Projects

During 2019, Sailors' Society undertook the following projects for the benefit of seafarers and their families globally.

- **Small school projects**

Our school projects seek to enhance education prospects for seafarers' children by providing valuable resources that improve both learning and access to education.

Due to the continued success of our motorised boats, which allow pupils to travel safely long distances to and from school, the Mobile Boat Library initiative was set up in partnership with Barangay councils. This involved constructing and equipping a purpose built, bespoke library boat to take the love of reading to children and families on small islets, who do not freely have access to books. The project was completed as planned in 2019.

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The safety of all who use these services is a top priority, so we engage the Protection of Children-Education Committees and schools of Sulangan and Suba to ensure that safeguarding training and policies are in place. In addition to this all our staff undergo safeguarding training and deliver in-house safeguarding training to partner organisations and all service users.

The School Boat Project and Mobile Boat Library give hope to children on Bantayan Island, improving access to quality education. Two school boats travel around the islets to pick up children at designated safe areas at the beginning and end of the school day. An estimated 150 children from four islets are transported to school each day. This removes the cost barriers of transport, enabling families to send children to school, and ensures a safer journey for children who previously had to wade two kilometres through the sea at low tide. Further construction and maintenance of this service was carried out in 2019, in line with the requirements of the newly elected local government.

The project delivered the following outcomes:

1. provided transportation for children and teachers to reach school safely and on time,
2. encouraged regular attendance at school, keeping children in education for longer,
3. increased literacy and numeracy, both of which have a positive effect on the local community.

Rebuilding projects in the Philippines within seafaring communities began in 2013. Due to the scale and nature of these projects the Society works through partner organisations.

Restricted funds for rebuilding in the Philippines were allocated to an alternative project that meets the conditions of the gifts received. These restricted funds, along with additional funding from the TK Foundation enabled us to build a six-classroom school on Lipayran Island. The construction commenced in April 2019 and was completed in December 2019. This new integrated school, to accommodate 800 pupils, was equipped with classroom furnishings and a playground as part of the project, with the opening date set for 2020.

- ***Seafarer Resilience Project***

In 2018, we implemented a two-year project to strengthen the resilience of seafarers in Myanmar. Phase one aimed to make the government and the general public aware of the right for a safe place for everyone to live, and also highlight the specific needs of seafarers. This met all its short term-goals and 500 seafarers and their families were afforded the opportunity to upgrade their employment-related skills.

Phase two, to construct disaster-resilient houses and improved school facilities, was delayed and will begin in 2020. The Society was unable to secure funding for the house construction element of the project so our involvement will be to pay for the school facility with the assistance of external donors.

- ***Health and well-being projects***

Sailors' Society is committed to improving the health and wellbeing of seafarers through a holistic approach. Below is a brief summary of the operational projects in this category:

- a) Wellness at Sea***

The holistic coaching programme is designed specifically for seafarers and their unique social and working environment in order to improve their on-board wellbeing and staff retention, through preparing students, cadets, ratings and officers for a career and life at sea.

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Wellness at Sea is now a comprehensive programme consisting of six elements:

1. Coaching programme
2. Train-the-trainer
3. E-learning course
4. Wellness at Sea app
5. Pre-departure training (PDOS)
6. Peer support groups

Design and delivery of the programme in the first three years has met our expectations. 2019 saw a significant growth in the number of seafarers utilising the various solutions offered by the programme. In addition to this there was a good increase in our revenue streams for the programme.

In 2019, we set up a pilot project of peer support groups to offer additional support to seafarers. This model proved to be a positive addition to Wellness at Sea. Furthermore, we adopted a holistic marketing plan for the programme, which gained significant traction. We are excited about the new growth opportunities which 2020 will bring.

The programme achieved the following in 2019:

- 33 per cent growth in programme delivery since 2018
- Successfully delivered 10,000 training days in the industry
- 2,226 seafarers received coaching.
- 5,356 seafarers completed pre-departure training (PDOS) programme
- 7,132 e-learning licences were distributed
- Delivered training in 10 countries
- Delivered training in 30 maritime training schools
- Provided training for 18 companies

#### ***b) Crisis Response Network***

The Crisis Response Network is a highly effective trauma response programme which has been operating successfully for more than four years. The three established regional hubs are located in Africa, Asia and Europe. Each hub delivers a different and complementary set of activities and support in response to crises within its individual cultural setting. Together, they benefit survivors on a global scale.

All hubs provide the following services:

- Tracking and monitoring of piracy incidents, ship casualties, abandonments and other major incidents
- Raising awareness of mental health, stress and trauma, the importance of training and in-depth understanding of those concepts, as well as coping techniques within the maritime community
- Combatting stigma related to mental health issues
- Suicide prevention training
- Case management
- Communication with agencies
- 24/7 helplines and chat facility



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In 2019 the CRN assisted directly with approximately 200 cases, reaching almost 5,000 seafarers. The main crisis situations which we dealt with included piracy, medical emergencies, bereavement, and abandonment. Planned expansion of the Crisis Response Network into North and South America was delayed due to funding shortfalls.

#### **c) Jakarta Health Clinic**

The newly refurbished health clinic in Jakarta was manned by three volunteer doctors, a dentist, a pharmacist, a midwife and several nurses and general health workers. The facility offered primary healthcare to seafarers and the local seafaring community. The drop-in clinic, open three times a week, provided care for almost 5,000 beneficiaries to the end of 2019.

#### **d) Mobile Medical Unit, Chennai**

The Mobile Medical Unit (MMU) project, set up in 2018, continued to operate through 2019, providing retired seafarers, active seafarers and their families with free medical health checks through basic primary healthcare services, five days a week in the Royapuram and Thiruvanmiyur districts. Additionally, the MMU also acted as an ambulance to transport elderly seafarers to the hospital for additional treatment. Between 10 and 20 individuals used the service every day, five days a week.

#### **e) Counselling Centre, Chennai**

This counselling drop-in centre was open to seafarers visiting the port and those living in Chennai. The counselling centre was staffed by volunteer psychologists and ran as projected in 2019, albeit at a lower level than predicted. Additional work needed to be completed to advertise its services within the shipping community in Chennai.

#### **• IT suite projects**

Our digital capability and leadership in the sector continued in 2019. Our Ship Visitor platform welcomed another six International Christian Maritime Association members (ICMA) on our affiliate scheme, which has a range of members from single port operations such as Liverpool Mission to Seafarers to several missions in port and countries across the globe.

With almost 500 users on the Ship Visitor system, coverage stretches right across the globe and we can see that the system does deliver a sense of unity to ICMA members that use the system. At the ICMA global conference in Taiwan in October 2019 the theme, "Better together" was very much at the forefront and Ship Visitor is the perfect vehicle to enable this.

During the year we were able to enhance the system to support our users and deliver more services and support to seafarers via all the ICMA members who use the system.

Our Wellness at Sea programme was enhanced with the e-learning capability delivered through a new Wellness at Sea website [www.wellnessatsea.org](http://www.wellnessatsea.org) – the perfect platform for the promotion of the Wellness at Sea app which continued to be downloaded by seafarers across the globe.

## **FUTURE PLANS**

We have been 'bringing people together' for more than 200 years and so our pledge in our 202<sup>nd</sup> year is the provision of international chaplaincy and welfare support where the need is greatest. In order to achieve this effectively and efficiently we will consolidate our chaplaincy work in the locations where support is currently limited. Additionally, we will continue to develop our affiliate programme to promote closer working and improved support around the world through partnership opportunities.

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We will maintain our balanced and adaptive approach to chaplaincy and holistic welfare service within our wellbeing framework, seeking out pioneering ways of delivering our service and further developing digital chaplaincy services to even greater effect.

#### **Education**

We will continue our transformational work with young people, helping them to attend school and running after school clubs. We will also officially launch the new library boat service, giving children on remote islets in the Philippines access to books.

We intend to develop our digital resources, podcast and e-learning for seafarers and their families, providing helpful content and information tailored to address the concerns of crew and family welfare.

#### **Poverty and distress**

Our goal to decrease levels of poverty and distress, and ensure quality of life for seafaring families, continues. Project development is motivated primarily by the needs of our beneficiaries and through consultation and mapping processes.

We will retain funding for community projects, medical centres and transport as these elements underpin the principles of wellbeing and quality of life for seafarers and their families which the Society is committed to.

#### **Health and wellbeing projects**

The Wellness at Sea programme continues to grow and highlight the need to care for crew wellbeing and mental health within the industry. We postponed strategic plans to set up a Wellness Institute as we wanted to boost the number of seafarers accessing the programme. This strategy proved successful and we will continue along these lines. We will continue our marketing plan for the wellness programme and extend the Peer Support group pilot to become an intrinsic part of the programme.

The CRN will increase both capability, sustainability and reach in 2020 through increased training and strategic partnerships.

Our three community health programmes – the Health Clinic in Jakarta, the Mobile Medical Unit and Counselling Centre in Chennai – will continue to deliver much needed health and counselling support to seafarers. The counselling service will continue to meet the mental health needs of seafarers who access this important service. Primary health care services to seafarers and seafaring communities who face poverty and distress will aim for a greater impact and number of patients.

#### **Retired seafarers**

2018 marked the 50th year since Sailors' Society became custodian of Sir Gabriel Wood's Mariners' Home. In 2019 we conducted a review of its effectiveness as a home for retired seafarers and their dependents. This process is ongoing.

#### **IT suite**

Enhancements to Ship Visitor and updates to the Wellness at Sea app are planned for 2020, including how we will move forward our virtual chaplaincy capability to connect seafarers to support from Sailors' Society and other ICMA members in this ever more digitally connected world. We are grateful for support from ITF Seafarers Trust.

#### MEDIA & ADVOCACY

##### ACHIEVEMENTS

The focus for this year was moving on from looking back over the past 200 years in celebration of our bicentenary to looking forwards and moving the story on for the organisation – we developed a new website, launched a hard-hitting campaign and built new collateral for marketing and media. At the same time the M&A team reduced in size by more than 50 per cent, so we needed to streamline activity and focus on supporting key activities like our wellness and crisis response programmes and income generation. Despite this, we still achieved more than 360 pieces of media coverage across television, radio and print media through the year, amounting to an editorial value of more than £1.1 million.

##### Digital

We launched our new website in June. This site was built on a new platform enabling us to have greater control and autonomy over creating new pages and content. This means we can keep the site fresh and current without incurring extra costs from developers. We worked hard on the user experience and particularly on the donation journey ensuring there were timely opportunities for visitors to support our work. The new site was also built with parallax functionality, giving us the option to include longer features on areas of our work incorporating graphics and video to give a really immersive and engaging experience. Although our internal communications tool launched towards the end of 2018, teams became more confident and comfortable using it after the first few months and it came into its own as a communications stream in 2019. Our chaplains and support workers around the world can quickly load up images and a short description to share with colleagues and this has helped us populate our social media channels with real time activity from across the world.

We reviewed our e-newsletter towards the end of the year, moving from a multi-story format to telling one strong story about the seafarers we are supporting. This approach has enabled us to tie in our emails more strongly with our main organisational focus (such as appeals or a wellness drive) and has had a good response in terms of numbers of people opening the emails and clicking through to our website.

##### Story Telling

The photographs we were using from shoots done years ago were getting tired and repetitive in our materials, so ahead of launching the new website we spent a day at Tilbury getting new video, still images and stories from seafarers. We organised access to the ships in advance to ensure we would get the material we needed and spoke to crews about everything from missing family to the importance of food. The images and video were used across everything from the site and social media to various marketing materials, appeals and cases for support. The shoot was so successful that we arranged another photo shoot in Leith in December, which provided stories and images for everything from Father's Day resources to narratives we could share with church audiences.

Two ships were stranded in UK ports for several weeks and supported by our chaplains during 2019 – one in Leith in June and the other in Portland in November. This gave us opportunities to give interviews to the local media and BBC, raising awareness of seafarer abandonment and how we help seafarers stranded in foreign countries.

We continued to use our internal communications platform as a source for stories of our work around the world.

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#### Opportunities

We further used the new collateral from the image and story gathering shoot in Tilbury to produce an impact report with a difference. We wanted something that would appeal to a broad range of corporates and have longevity with our brand and story in front of them as much as possible, so we produced a desk calendar with key statistics and marketing messages.

#### Advocacy

The desperately sad image of a seafarer hanging from a rope as a ship came into port prompted our Not On My Watch campaign. We launched a global petition calling for wellness training to be mandatory under the Maritime Labour Convention and received thousands of signatures from more than 80 countries around the world. We promoted the campaign at conferences, on our website and across our social channels and it gained traction over several months. We spoke with MPs and representatives from the International Labour Organisation and at the International Maritime Organisation, having been invited by the Canadian government.

#### FUTURE PLANS

##### Digital

We invested in our digital offering with the new website in 2019 and the year to come will see us continue to push this platform to ensure we are in front of the right people and word spreads about our work. One focus for the year will be to look at integrating Wellness at Sea from a separate site as it is currently to the main Sailors' Society site and setting up various initiatives to drive stakeholders to the site and keep us in front of our competitors where wellness is concerned. We will also look at an overhaul of the e-learning platform.

##### Story Telling

We have developed our story telling exponentially over the past few years; maintaining that platform with a reduced team will be a challenge moving forwards. The team will need to focus on the priorities, supporting income generation and marketing our key programmes, ensuring our messages get out clearly and regularly to our supporters, to the wider industry and to our beneficiaries. We will still aim to take the bigger media opportunities when they arise.

##### Opportunities

Next year sees us launch our library boat service in the Philippines and we are looking at tying the launch to World Book Day for media traction. A tighter focus means we will channel our support to key priorities like supporting the Development Team and marketing flagship programmes like our wellness and crisis work. We will take the big media opportunities when we can.

##### Advocacy

The Not On My Watch campaign proved popular and successful. We will be looking at ways of branding our flagship wellness and crisis response programmes under the Not On My Watch umbrella to tie all our messaging together and keep the campaign moving forwards.

#### DEVELOPMENT

As a result of our review of operations, inevitably there have been changes in staff during the year. The need to build new relationships with funders and the need to preserve existing relationships was put into focus with the fundraising strategy being reviewed.

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#### ACHIEVEMENTS

##### Partnerships

We are fortunate to enjoy some long-standing relationships with corporate supporters and we give our thanks for their support, in particular to the following supporters for contributing towards specific areas of our work:

- Wellness at Sea programme – Euronav and RightShip
- Crisis Response Network - UK P&I Club and the Anchor Foundation
- Lipayran School construction – TK Foundation
- Singapore Chaplain – Baltic Exchange
- Portbury chaplain vehicle – Maritime Charities Group

We would also like to send our heartfelt thanks to all our many other supporters, big and small, without whom our work would not be able to continue as it does.

During this year, we were particularly pleased to have secured our first governmental grant originating from the Department of Transport, which was applied towards the running costs of the Southampton Centre, our Southampton Chaplain and our scholarship programme.

We are also grateful to The Church of Scotland - Scottish Guild for continuing to support us and the opportunity to share details of our and God's work within the Guild network.

Finally, we wish to put on record our partnership with London City Mission who, for several years, have supported our Tilbury Chaplain. This partnership ended during 2019 but we have secured funding from the Queen Victoria Seamen's Rest to fund this post in 2020.

##### Events

After quite a successful track record in running fundraising events over the last 15 years that many wanted to participate in, 2019 was a quieter year with the London Marathon being the main event and with no internally organised challenge events. Keeping an engaging programme of fundraising events, particularly aimed at people within the shipping industry, is a difficult task and the future fundraising strategy will address the return on investment on future endeavours in this area. We are grateful for contributions from industry dinner collections during London International Shipping Week and the International Bulk Journal Awards towards our work. In addition we benefitted from the proceeds of the ING Bank wine tasting event, which was much appreciated.

##### Individual and community giving

We are very grateful for our loyal supporters who support the Society in so many ways, not least through regular and one-off gifts individually, through community groups, church congregations and in response to our fundraising appeals. We are also grateful to those who remember us in their wills and contribute to our income through legacies.

##### Commercial and Charity Shops

We have continued to sell our BySea Coffee to individuals, churches and corporates. Our network of shops includes Aberdeen, Farnborough, Salisbury, Poole and Southampton. Eastleigh Shop closed in the year due to poor returns. The overall trading result was marginally better than 2018 but still much lower than expectations.

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#### FUTURE PLANS

##### Fundraising

Notwithstanding the effects of COVID-19, we intend to engage strongly with corporates and trusts and to reinvigorate our events programme.

Our Mount Kilimanjaro challenge has now been postponed to 2021 having been originally planned for 2019 and then 2020, but called off due to the COVID-19 pandemic.

##### Commercial & Retail

Again, in the light of COVID-19, we will re-assess the operation of our charity shops and the future viability of BySea Coffee as part of our fundraising strategy.

#### FINANCIAL REVIEW

##### Overview

The group deficit for the year before investment gains is £2,584,000. There was a deficit of £2,639,000 in 2018, an improvement of £55,000. Investment gains of £697,000 (2018: losses £729,000) brought net expenditure to £1,887,000 (2018: £3,368,000). An increase in the provision for potential Lagarie claims of £530,000 increased the net movement in funds to £2,417,000.

In light of the deficit suffered, our balance sheet total has reduced from £10,286,000 to £7,869,000. The cashflow statement shows net liquidations of investments to finance the deficit of £2,102,000 during the year and a net cash outflow of £133,000 with year-end cash reserves standing at £504,000, down from £637,000 the previous year.

##### Income

	2019	2019% split	2018	2018 % split	Year on year change
	£000's		£000's		£000's
Donations & legacies	847	29%	1,617	44%	-770
Charitable activities	1,279	44%	1,109	30%	+170
Other trading activities	368	13%	568	16%	-200
Investments	267	9%	350	10%	-83
Other income	138	5%	15	-	+123
<b>Total</b>	<b>2,899</b>	<b>100%</b>	<b>3,659</b>	<b>100%</b>	<b>-760</b>

2018 results had been particularly enhanced by trust income of £770,000 due to exceptional distributions from three trusts with whom the Society had historical relationships stretching back many years. In 2019 further receipts from these sources totalled £129,000 leading to an underlying donation figure of £718,000 which was more in line with the 2017 total. The mix between legacies and donations showed a reduction in legacy income by £264,000 to £130,000 compared to 2018 standing at £394,000. This is an unpredictable source of income. Underlying donations, excluding legacies and exceptional amounts, moved from £453,000 in 2018 to £588,000 in 2019 of which £437,000 was for restricted purposes.

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

£150,000 of the increase in charitable income originated from Sir Gabriel Wood's Mariners' Home which had improved occupancy in the year. However the Home still suffered a net deficit of £265,000 which was nevertheless £102,000 better than 2018.

Other trading income reduced by £200,000 primarily due to a reduced programme of fundraising events (£195,000). Charity shop income remained comparable to 2018. The investment income reduction is mainly on listed investments due to the sale of investments during the year to finance the operating deficit. Other income includes £80,000 one-off credit due to the reduction of the Leith Aged Mariners' Fund commitments formally considered as a liability before the fund was wound up and transferred to Sailors' Society Scotland. £47,000 of income relates to the surplus on disposal of redundant property overseas.

#### Expenditure

	2019	2019% split	2018	2018 % split	Year on year change
	£000's		£000's		£000's
Raising funds	1,176	21%	1,511	24%	-335
Charitable activities	4,307	79%	4,787	76%	-480
<b>Total</b>	<b>5,483</b>	<b>100%</b>	<b>6,298</b>	<b>100%</b>	<b>-815</b>

Costs of fundraising events, corporate sponsorship and commercial activity reduced by £268,000 in line with the reduced level of activity within events in particular. Charity shop costs remained comparable to 2018. Other fundraising costs reduced by £81,000. Within charitable activities, activity in advocacy was reduced by £338,000 and some chaplaincy posts were discontinued or restructured contributing to the £231,000 in cost savings.

Support costs included within expenditure reduced by £74,000 in the year to £828,000.

#### Investment gains

Investment losses total £697,000 of which £117,000 was realised on the sale of stocks and shares during the year with £579,000 being unrealised and reflecting movements in the capital markets over 2019. The balance of £1,000 represents the combined net uplift in value of investment property held.

## REVIEW OF INVESTMENT PERFORMANCE

In managing our financial reserves and regularly assessing market risk our Finance Committee draws up the investment policy and we review this periodically. The Board endorses the recommended asset mix and the class weighting and after review approves any necessary policy change. Our investment strategy is to accept a level of medium risk with a balance sought between realising a target income and achieving capital growth. Investments are divided between equities, bonds, property and cash.

Investec Wealth and Investment Limited actively manages our main and subsidiary portfolios while Cazenove Capital Management manages our investment in the Cazenove Charity Multi-Asset Fund.

Updates on the value of the portfolio are provided to us quarterly and, in the case of the Investec portfolios, details of purchases and sales are given to us when they occur. Each investment portfolio manager is required to produce quarterly commentaries on performance and to attend a meeting of the Finance and General Purposes Committee once a year. We discuss the performance of the



## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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investments at these meetings, the prevailing and anticipated economic conditions, a forecast of future trends and we look at our future cash requirements to be funded by these investments.

#### Investec managed funds (£3.0 million)

The total return for invested funds managed by Investec during the year was:

	<i>Year</i>		<i>Last three years</i>	
	<i>Actual</i>	<i>Benchmark</i>	<i>Actual</i>	<i>Benchmark</i>
General fund	+16.9%	+16.2	+25.6%	+21.3%

#### The Schroder Charity Multi-Asset Fund (£2.6 million)

The fund is a 'pooled investment' vehicle. The investment mix is determined by the fund manager and based upon tactical ranges for the different investment types. The fund's total return target is the rate of inflation plus four per cent over an economic cycle (typically five to seven years) while aiming to meet this target with around two-thirds of equity market volatility. A total return of +12.5 per cent was achieved in the year against the benchmark of +5.4 per cent with +15.6 per cent achieved cumulatively over the last three years (inflation + four per cent: +19.8%).

## REVIEW OF THE LEVEL OF FINANCIAL RESERVES

#### Our Reserves Policy

Reserves are needed to bridge the gap between the spending of income and the receiving of income and to cover unplanned expenditure and any other contingencies arising. The Trustees consider that, based on the current level of activity of the Society, reserve levels should be maintained at a level of between 24 and 36 months' expenditure in order to provide the appropriate level of financial resource in this respect so that our core activities can continue during a prolonged period of unforeseen difficulty. Compliance with this policy is regularly reviewed by the Finance Committee and adjusted if necessary.

To achieve this level of reserves the Society is investing in charitable programme and development of sustainable income over the coming years. Designations of funds have been made in respect of a retirement provision for overseas staff and an educational grant programme. With continuing uncertainty about levels of achievable income we believe a controlled drawdown of our reserves to fund any future expansion of our charitable work is appropriate for the Society's future.

#### Reviewing the Reserves Policy

We review our reserves policy annually in conjunction with setting our budgets and reviewing progress against our strategic plans. We discuss the levels of realisable reserves, any major commitments to be financed by the Society and our future obligations. We consider the risks to future income, the level of predicted expenditure and the impact of any adverse effect on investment fund movements. Looking ahead, we recognise the need to balance the requirement to fund our existing level of work for today's beneficiaries with our desire to progress the future extension of our charitable work to more world ports and the substantive work to implement projects in seafaring communities to improve the lives of our beneficiaries.

#### Level of Reserves held

At the end of 2019 our total reserves were £7.9 million. The endowment and restricted funds totaled £1.8 million. The remaining funds are unrestricted at £6.1 million and these contained fixed assets used in the charity of £1.2 million and other designated funds of £0.1 million. Allowing for this, free reserves stood at £4.8 million, which equates to 17 months of total unrestricted expenditure. This is



## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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below the range of 24 to 36 months as set out in the policy, and the intention is to replenish free reserves to within this range in the future.

#### PRINCIPAL RISKS AND UNCERTAINTIES

We operate a formal risk management process where the Trustees and Senior Leadership Team together identify and review the main risks to the Society, their probability of occurrence, the possible impact and the consequent actions necessary to manage, reduce exposure, or eliminate the risk. The Risk Register is reviewed annually by the Trustees, kept under review by committees quarterly and Senior Leadership Team monitors risk on a daily basis, updating the register as appropriate.

The main risk areas are:

- Financial (including money laundering, investment risk and risk to revenue income streams);
- Operational (including personnel).

The following subsidiary risk areas can have both a financial and operational effect:

- Legal and statutory (including health and safety);
- IT systems integrity and resilience, database backup and data protection;
- Society reputation.

#### Financial risks

The main financial risk to the Society is having enough funds readily available to meet our planned operational and administrative needs to deliver our services to our core beneficiaries. We believe that maintaining readily realisable free reserves at the level stated in this report will provide sufficient resources in the event of any unplanned, adverse conditions arising. The likelihood of this main risk occurring is affected by a number of other subsidiary risks such as:

1. Diminishing appetite for participants taking part in our fundraising events;
2. Over-reliance on a number of key sponsors and supporters;
3. Circumstances out of our control affecting the ability of supporters, primarily in or related to the shipping industry, to donate to us (e.g. economic downturn, global pandemic);
4. Reduction in income and capital returns caused by a decline in the stock markets or in other investment portfolios.
5. The risk management methodologies taken to counter steps 1 to 3 above are not successful.

In relation to risks one to three, the Society has undergone a fundraising strategy review with the aim of diversifying its income streams to prevent over-dependency on any one sector. In relation to risk four, the Society has split its listed investments between two investment houses; one providing the traditional portfolio model and the other being a structured product which aims to achieve above inflation returns while seeking to do this with reduced volatility compared to equity markets.

#### Operational risks

Operational risks run across all areas of activity - predominantly Programme and Fundraising – and the main risks have been identified as:

1. Liabilities resulting from safeguarding, health and safety and non-compliance for past, present and future beneficiaries;
2. Death or injury to beneficiaries or fundraising event participants resulting from accidents;

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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3. Inadvertent contravention of overseas fundraising laws and financial/tax compliance of overseas fundraising and our employees operating overseas.
4. An unknown event occurring that has a societal impact and affects our ability to operate in a conventional manner, curtailing our usual activity.

In relation to risk one, the Society has taken out appropriate insurances to cover public indemnity, provides appropriate training and guidance to mitigate the risk of occurrence and carries out appropriate background checks on new employees upon recruitment. In respect of risk two, participants are given pre-event training on safe practice and guidance on how to avoid injury. The Society takes out specialist event insurance and medical professionals are retained in the event of emergency. The Society aims to identify potential problems of overseas fundraising laws and tax compliance during the event planning process by taking professional advice to mitigate or avoid the effects of risk three. Managing risk four involves working flexibly at all levels and changing our method of service delivery in our charitable work to provide alternative solutions to meet the immediate need.

#### GOVERNANCE AND SENIOR LEADERSHIP

The Society is governed by its Memorandum and Articles of Association. The Board of Trustees provides governance for the Society. Trustees are also directors of the registered company limited by guarantee. The Board meets at least four times a year to consider matters of policy and to review the strategy and performance of the Society. The Trustees review and update existing policies and introduce new ones as and when appropriate. The Chief Executive/Director General is responsible for recommending the Society's strategy to the Board and for all ongoing operations of the Society, ensuring its resources are used effectively and its assets are safeguarded.

The Society maintains a register of Trustees' and the Senior Leadership Team's personal interests and those of their immediate family members to ensure that any potential conflicts of interest are identified and addressed by the Society. Any changes during the year are promptly notified verbally to the Society and confirmed in writing annually. Any potential conflicts of interest are identified at the start of all Trustee and Committee meetings and the individual involved withdraws from discussions and does not take part in decisions made where a conflict of interest exists.

#### BOARD CHANGES DURING THE YEAR

Details of the trustee membership are set out on page 62.

During 2019 Jacqueline Zalapa joined the Board. During her legal career, Jacqueline has represented the maritime community in domestic courts and international arbitrations on legal issues in her areas of expertise. She is a partner at an international shipping law firm, chairs its Charity Committee and is tri-qualified in the U.K., U.S. and Australia having practiced in London, New York and Sydney. She holds an LLM and BA/LLB and is ranked in the Experts' Guide for Shipping 2018/2019.

We also said goodbye to several trustees:-

- Alastair Fischbacher, our chairman since 2014;
- Colin McMurray, our Scottish Director and trustee of Sir Gabriel Wood's Mariners' Home;
- Jonathan Holloway, Chair of the Programme Committee and fundraising event participant;
- Jonathan Stoneley, long term member of the Development Committee and the driving force behind the initiation of the Society's fundraising event activities starting in the early 2000s. Jonathan resigned from the Board in May 2019 and sadly died in November 2020.

Prasanta Roy stood down from the Board on 1 June 2019 to take up a one-year fixed term contract in an executive role.

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The Board wishes to express its gratitude to all its departing trustees for their hard work and dedication over their period of service.

#### COMMITTEES

The Board operates four committees and sets out the terms of reference for each in accordance with best practice. The current Committees are:

- Finance & General Purposes
- Programme
- Development
- Nominations

The first three Committees are made up of Trustees and members of the Senior Leadership Team, reviewing areas of opportunity and challenge to add value to the Society's work. The appointed Chair of each Committee reports to the Board four times a year. The Nominations Committee meets once a year and as required and consists of the Chairman, the Vice Chairmen and the Chairs of the Committees. Its recommendations are taken to the Board as part of the annual budget-setting process. The business of the Nominations Committee consists of managing the composition of the Trustee Board and setting employee remuneration within the Society. Details of the members of the committees are shown on pages 62 to 63.

The Chief Executive/Director General attends all Board and Committee meetings except Nominations Committee where he attends by invitation when required. Members of the Senior Leadership Team attend all or part of Board and Committee meetings relating to their respective areas of expertise, as required.

#### SENIOR LEADERSHIP TEAM

The day-to-day management and operation of the organisation is delegated to the Chief Executive Officer/Director General of Sailors' Society who discharges this responsibility through the Senior Leadership Team.

The Senior leadership team consists of:-  
Chief Executive Officer/Director General  
Director of Programme  
Director of Finance & Administration  
Director of Development  
Director of Media & Advocacy

The Chief Executive works with the Board and Committees to agree strategy, policy and direction in order to deliver the objects of the charity. The Senior Leadership Team is responsible for implementing the strategy agreed.

Details of the members of the Senior Leadership Team are set out on page 65.

#### BOARD DEVELOPMENT

There is no requirement for any Trustee to stand down upon reaching a particular age or term of office. The Board maintains and regularly reviews the skills of Trustees, in accordance with best practice, to ensure the needs of the charity are well supported through the collective skillset and experience. The Board considers nominations for new Trustees and candidates are interviewed prior to appointment to ensure they can add value and bring relevant skills and experience.

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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Upon election, a Trustee participates in a formal induction plan tailored to individual needs. This covers an understanding of the Society's business and the aspects of ministry, welfare, education support, and the relief of poverty and distress. Where appropriate, familiarisation visits are arranged to a port where we operate. New Trustees meet our key staff and stakeholders and receive information about their Trustee responsibilities and Committee work.

Our Trustees are required to maintain and develop their knowledge and governance skills throughout their period of office. The Society supports them with regular information covering developments in governance matters, charity legislation and any changes in regulation by the Charity Commission, and encourages and assists with attendance at appropriate training opportunities and governance conferences.

A secure digital platform is used to provide an online repository for Board documentation and recording of decisions. This has proved an effective governance tool.

#### **STAFF PAY POLICY**

As an organisation with important responsibilities towards our beneficiaries, donors, supporters, staff and the public, Sailors' Society recognises the importance of transparency and accountability in all aspects of our work.

Our principles are to pay our staff a fair salary that is competitive within the charity sector, and that is proportionate to the complexity and responsibility of each role.

For UK-based staff, including the Senior Leadership Team, we monitor charity sector salary trends through third sector salary surveys, annually adjusting our salary ranges to remain aligned with the charity sector. We do not compete on pay with the public or private sectors.

A performance management system is in place to ensure that salaries awarded reflect performance by rewarding strong performers the most and weaker performers the least, while supporting performance improvement through daily supervision and annual appraisal.

#### **GRANT MAKING POLICY**

The Society provides grants to organisations and individuals who add value to its work or help it achieve its charitable objects. This is particularly the case in locations where the Society has no permanent presence or infrastructure to support its target beneficiaries. In these places we identify the most effective organisations and individuals to help us.

#### **PUBLIC BENEFIT**

In assessing the public benefit of the activities we undertake as Trustees of the charity, we confirm that we have complied with our duty under Section 17 of the Charities Act 2011. We also state that we have given due and proper regard to the guidance issued by the Charity Commission on delivery of public benefit, including the supplementary guidance.

#### **FUNDRAISING PRACTICES**

Our main sources of fundraised income are from corporates predominately within the maritime sector and on a global scale. In the UK we raise funds from individuals on a smaller scale, mainly through direct marketing and individual giving. We are registered with the Fundraising Regulator and we ensure our fundraising activity complies with the standards expected by today's public, enshrined in the Code of Fundraising Practice, our methods being legal, open, honest and respectful. We are pleased to report that there were no complaints about our fundraising practices in 2019.

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **VOLUNTEERS**

Our volunteers provide important additional resources to ensure effective delivery of our programme, help raise funds for our work and increase the profile of the Society. We have approximately 500 active volunteers working across the following areas:

- Trustees who commit much of their time to provide strategic leadership and governance;
- Volunteer ship visitors who support our chaplains around the world and honorary chaplains who work independently;
- Charity shop volunteers who contribute their time on a regular basis;
- Individual representatives of the Society in their own churches who distribute our news and promote our work and campaigns;
- Volunteers involved on a monthly basis preparing items for Christmas parcels;
- Ambassadors who network in the industry to promote awareness of the Society's charitable work, purpose and fundraising opportunities;
- Knitters who make woolly hats, which are widely distributed in Christmas parcels for seafarers and regularly sent to chaplains around the UK and overseas to give out on ship visits.

#### **STATEMENT OF THE FINANCIAL DUTIES AND RESPONSIBILITIES OF TRUSTEES**

Company law requires that the Trustees prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society company and the Society group as at the balance sheet date and of its net incoming resources and application of those resources, including the net income and expenditure of the group for the financial year. In preparing these financial statements the Trustees are required to: select suitable accounting policies and apply them consistently, observe the methods and principles in the Charities SORP, make judgments and estimates that are reasonable and prudent and prepare the financial statements on the going concern basis, unless it is not appropriate to assume that the charitable company will continue on that basis. We also state here that applicable accounting standards have been followed subject to any material departures being disclosed and explained in the financial statements.

As Trustees (who are also the directors of Sailors' Society for the purpose of Company Law) we are responsible for preparing this annual report and the associated financial statements in accordance with applicable law and accounting standards of the United Kingdom – known as United Kingdom Generally Accepted Accounting Practice.

We are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Society. They should enable us to ascertain its financial position and to ensure that we comply with the Companies Act 2006 and with the requisite statutes and other charity and company legislation as required. We are responsible for safeguarding the assets of the Society and for taking all reasonable measures to detect and prevent fraud and any other irregularities that may arise.

#### **AUDITORS**

A resolution to appoint Mazars LLP as our auditors for a further year was proposed and adopted at the General Meeting held on 11 December 2020.

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### STATEMENT OF DISCLOSURE BY TRUSTEES TO THE SOCIETY'S AUDITOR

In so far as the Trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he or she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report, including the strategic report, was approved by the Trustees on 17 December 2020 and signed on their behalf by:



**Peter M Swift**  
**Chairman of the Board of Trustees**

# Independent auditor's report to the members of Sailors' Society

## Opinion

We have audited the financial statements of Sailors' Society (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the consolidated and society balance sheets, the consolidated cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2019 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of matter – Impact of the outbreak of Covid-19 on the financial statements

In forming our opinion on the charity's financial statements, which is not modified, we draw your attention to the Trustees' view on the impact of COVID-19 as disclosed on page 3 the consideration given in the going concern basis of preparation on page 33 and non-adjusting post balance sheet events on page 35.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's operations, beneficiaries and the wider economy.

## Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

# Independent auditor's report to the members of Sailors' Society

- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

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

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Annual Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Annual Report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Annual Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.



# Independent auditor's report to the members of Sailors' Society

## **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

## **Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

  
Jonathan Marchant (Dec 18, 2020 17:18 GMT)

**Jonathan Marchant**

**(Senior Statutory Auditor)**

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
90 Victoria Street, Bristol, BS1 6DP

Date: Dec 18, 2020

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2019	Total 2018
	Notes	£000's	£000's	£000's	£000's	£000's
<b>Income and endowments from:</b>						
Donations and legacies	2	410	437	-	847	1,617
Charitable activities	3	124	1,155	-	1,279	1,109
Other trading activities	4	368	-	-	368	568
Investments	5	267	-	-	267	350
Other	6	58	80	-	138	15
<b>Total</b>		<b>1,227</b>	<b>1,672</b>	<b>-</b>	<b>2,899</b>	<b>3,659</b>
<b>Expenditure on:</b>						
Raising funds		1,176	-	-	1,176	1,511
Charitable activities		2,264	1,977	66	4,307	4,787
<b>Total</b>	7	<b>3,440</b>	<b>1,977</b>	<b>66</b>	<b>5,483</b>	<b>6,298</b>
<b>Net expenditure before investment (losses)/gains</b>		<b>(2,213)</b>	<b>(305)</b>	<b>(66)</b>	<b>(2,584)</b>	<b>(2,639)</b>
Gains/(losses) on investments		674	17	6	697	(729)
<b>Net expenditure</b>		<b>(1,539)</b>	<b>(288)</b>	<b>(60)</b>	<b>(1,887)</b>	<b>(3,368)</b>
Extraordinary item	19	(530)	-	-	(530)	(775)
Transfers between funds	20(f)	155	(26)	(129)	-	-
<b>Net movement in funds</b>		<b>(1,914)</b>	<b>(314)</b>	<b>(189)</b>	<b>(2,417)</b>	<b>(4,143)</b>
Total funds brought forward		7,941	926	1,419	10,286	14,429
<b>Fund balances carried forward</b>		<b>6,027</b>	<b>612</b>	<b>1,230</b>	<b>7,869</b>	<b>10,286</b>

The statement of financial activities contains all gains and losses for the year and all activities relate to continuing operations. The net expenditure for the purposes of the Companies Act 2006 comprises the net expenditure for the year adjusted for realised gains on investment assets and excluding the net expenditure on the permanent endowment fund and was £2,931,000 (2018: £3,367,000).

# CONSOLIDATED AND SOCIETY BALANCE SHEETS

## AT 31 DECEMBER 2019

		Consolidated		The Society	
	Notes	2019 £000's	2018 £000's	2019 £000's	2018 £000's
<b>Fixed assets</b>					
Intangible assets	11	152	-	152	-
Tangible assets	12	2,591	3,326	2,298	2,962
Investments	13	5,559	6,965	5,357	6,592
Investment in subsidiary undertaking	21	-	-	5	5
Freehold investment properties	14	659	445	659	445
Interest free loans	15	16	16	16	16
		<hr/>	<hr/>	<hr/>	<hr/>
		8,977	10,752	8,487	10,020
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Current assets</b>					
Stocks		34	43	9	13
Debtors	16	479	589	383	965
Cash at bank and in hand		504	637	340	442
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total current assets</b>		1,017	1,269	732	1,420
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	(360)	(386)	(302)	(297)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>		657	883	430	1,123
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		9,634	11,635	8,917	11,143
Creditors: amounts falling due after more than one year	18	(480)	(574)	(479)	(499)
Provisions for liabilities and charges	19	(1,285)	(775)	(1,285)	(775)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets</b>		7,869	10,286	7,153	9,869

Company number 86942

# CONSOLIDATED AND SOCIETY BALANCE SHEETS

## AT 31 DECEMBER 2019

		Consolidated		The Society	
	Notes	2019 £000's	2018 £000's	2019 £000's	2018 £000's
The funds of the charity					
Capital funds					
Endowment funds	20(a)(e)				
- Revaluation reserve		659	722	659	669
- Other endowment		571	697	392	437
		<hr/> 1,230	<hr/> 1,419	<hr/> 1,051	<hr/> 1,106
Income funds					
Restricted funds	20(b)(e)				
- Revaluation reserve		-	18	-	-
- Other restricted		612	908	366	455
		<hr/> 612	<hr/> 926	<hr/> 366	<hr/> 455
Unrestricted funds					
General charitable funds	20(c)(e)				
- Revaluation reserve		2,015	1,718	2,007	1,718
- Other general charitable		3,038	4,818	2,321	4,948
Designated funds	20(d)	1,515	1,806	1,408	1,642
Non charitable funds	20(c)	(541)	(401)	-	-
		<hr/> 6,027	<hr/> 7,941	<hr/> 5,736	<hr/> 8,308
		<hr/> 7,869	<hr/> 10,286	<hr/> 7,153	<hr/> 9,869

The accompanying notes are an integral part of the financial statements.

The accounts were approved by the Board of Directors on 17 December 2020 and signed on its behalf by:

**Peter M Swift**  
Chairman

Company number 86942

## CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£000's	£000's
<b>Net cash outflow from operating activities</b>	<b>(2,568)</b>	<b>(2,803)</b>
<b>Cash flows from investing activities</b>		
Interest and rents received	34	25
Dividends received	242	327
Payments to acquire tangible and intangible fixed assets	(69)	(336)
Purchase of investments	(371)	(415)
Receipts from sale of tangible fixed assets	168	17
Receipts from sale of fixed asset investments	2,473	2,919
<b>Net cash provided by investing activities</b>	<b>2,477</b>	<b>2,537</b>
<b>Cash flows from financing activities</b>		
Capital repayments	(20)	(19)
Interest paid	(22)	(23)
	(42)	(42)
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(133)</b>	<b>(308)</b>
Bank and cash balances at 1 January 2019	637	945
<b>Bank and cash balances at 31 December 2019</b>	<b>504</b>	<b>637</b>
<b>Reconciliation of changes in resources to net cash outflow from operating activities</b>		
Income (excluding investment income)	2,632	3,309
Expenditure (excluding interest payable)	(5,991)	(7,050)
Changes in resources before revaluations	(3,359)	(3,741)
Depreciation, amortisation and impairment	319	352
Unrealised foreign exchange (gains)/losses on investments	-	(25)
Decrease/(increase) in stock	9	(26)
Decrease in debtors	110	4
Decrease in creditors	(30)	(130)
Increase in provisions for liabilities and charges	510	775
Adjustment to Leith Aged Mariners' Fund liability	(80)	(10)
Surplus on disposal of fixed assets	(47)	(2)
<b>Net cash outflow from operating activities</b>	<b>(2,568)</b>	<b>(2,803)</b>
<b>Analysis of cash and cash equivalents</b>		
Bank balances and cash in hand	504	637

## CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

### Analysis of changes in net debt

	At 1 January 2019	Cash-flows	Other non-cash changes	At 31 December 2019
	£000's	£000's	£000's	£000's
Cash	637	(133)	-	504
Loans falling due within one year	(19)	19	(19)	(19)
Loans falling due after one year	(499)	-	19	(480)
Hire purchase falling due within one year	(1)	1	(1)	(1)
Hire purchase falling due after one year	(2)	-	1	(1)
	<u>116</u>	<u>(113)</u>	<u>-</u>	<u>3</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies

Sailors' Society is a company limited by guarantee incorporated in England and Wales. The registered office is Seafarers' House, 74 St Annes Road, Southampton, SO19 9FF.

#### a) Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, other than Sir Gabriel Wood's Mariners' Home, listed investments and investment properties which are included on a market value basis. The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice - Accounting and Reporting, by provisions of the Charities SORP (FRS102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (effective 1 January 2015) and the Companies Act 2006. The Trustees confirm that the charity is a public benefit entity, as defined by FRS102. The functional currency of the Society is Pounds Sterling (GBP) rounded to the nearest thousand.

#### b) Group financial statements

These financial statements consolidate the results of the Society and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis using uniform accounting policies as set out below.

The Society has availed itself of Paragraph 4(1) of Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and has adapted the Companies Act formats to reflect the special nature of the Society's activities.

A separate detailed statement of financial activities and income and expenditure account (SOFA) is not presented for the charity itself following the exemption afforded by section 408 of the Companies Act 2006. The charity's total income was £1,499,211 (2018: £2,452,191) and its total expenditure was £4,880,097 (2018: £5,392,763). Investment gains were £665,584 (2018: losses £690,194). This results in net expenditure of £2,715,302 (2018: £3,630,766).

#### c) Company status

The Society is a company limited by guarantee. The members of the Society are the directors. In the event of the Society being wound up, the liability in respect of the guarantee is limited to £1 per member.

#### d) Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the Society.

Restricted funds are funds subject to specific restrictive conditions imposed by donors or through the terms of an appeal. The purpose and use of restricted funds is set out in the notes to the financial statements.

Permanent endowment funds relate to Sir Gabriel Wood's Mariners' Home which is held in trust by the Society. The terms of the trust mean that the Home must be held indefinitely. Expendable endowment funds relate to the investments held by the Leith Aged Mariners' Fund. Under the terms of the trust deed the capital as well as the income can be applied to the charitable purpose.

Each of the above funds includes a revaluation reserve representing the restatement of certain assets at market values.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### e) Incoming resources

All incoming resources are included in the SOFA when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income :-

- Entitlement to legacy income is based on probate being granted before the year end. The amounts included as income are based on actual receipts or notification of intended payment in the following year. Where legacies have been notified to the Society but the criteria for income recognition have not been met, the legacy is treated as a contingent asset. These are disclosed in note 25.
- Voluntary income received by way of grants, donations and gifts is included in full in the SOFA when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the Society, are recognised when the charity becomes unconditionally entitled to the grant. Grants, where entitlement is related to performance, are recognised when the Society earns the right to the grant through performance of the specified activity. Provision has been made for Income Tax reclaimable at the year end.
- Donated services, facilities and goods for internal use are included at the value to the Society where this can be quantified. Goods donated for resale in the Society's charity shops are included as income when they are sold. The Society receives support from a wide variety of volunteers. It is not practical to place a value on the time volunteered by all these persons due to the variety of duties performed and the differences in time spent by each volunteer.
- Incoming resources from charitable trading activity and activities to generate funds are accounted for when earned. Fundraising events income is accounted for in the year in which the event takes place. Funds received in advance for future fundraising events are treated as deferred income within creditors and income owed or pledged but not yet received, is treated as debtors to the extent that it is recoverable.
- Investment income is included when receivable.

### f) Resources expended

Expenditure is accounted for on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the Society's charity shops. Costs paid in advance for fundraising events are treated as prepayments in debtors and are recognised in the SOFA in the year in which the event takes place.
- Charitable expenditure comprises those costs incurred by the Society in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Grants payable are accounted for when a legal or constructive obligation arises. A constructive obligation arises when the other party has a reasonable expectation of receipt.
- Support costs are those functions that assist the work of the Society but are not incurred directly in connection with charitable activity. Support costs include back office costs, finance, personnel, payroll and governance costs. These costs have been allocated between the cost of raising funds and expenditure on charitable activities consistent with the use of resources, i.e. allocating property costs by space occupied, office facilities by head count and management and accounting support on a time spent basis.

Where fundraising is part of a multi-purpose activity and promotes the charitable purpose, a proportion of those costs are allocated to the charitable activity. The basis of the split used is the estimated time spent on the activity.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### g) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £250 are capitalised.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, other than freehold land, by annual instalments over their expected useful lives as follows:

Motor vehicles	33% of the reducing balance
Furniture, fittings and equipment	25% of the reducing balance
Short and long leasehold properties	period of lease
Freehold buildings and Sir Gabriel Wood's Mariners' Home and Court	2%-5% of building cost or valuation

### h) Intangible fixed assets and amortisation

Intangible assets are amortised over their expected economic useful lives as follows:

Computer software	25% of the reducing balance
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Computer software costs, whilst in development, are not amortised until the software is in use.

### i) Fixed asset investments & investment management fees

Listed investments have been stated at market value at the balance sheet date. Realised gains/(losses) are calculated as the difference between market value at the date of disposal and market value at the previous balance sheet date. Unrealised gains/(losses) are calculated as the difference between the market value at the balance sheet date and the market value at the previous balance sheet date (or date of acquisition if later).

Investment management fees are accounted for as follows :-

General Fund - percentage of the portfolio value on a quarterly basis shown under costs of generating funds in the SOFA.

Cazenove Charity Multi-Asset Fund - Management fees of the fund itself are calculated on a percentage of the portfolio value deducted from the market value of the fund on a daily basis and therefore effectively deducted from realised or unrealised gains or losses on investments. The fee element relating to client management services is a percentage of the portfolio value on a quarterly basis shown under costs of generating funds in the SOFA.

Freehold investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis, are measured at fair value annually with any change recognised in the SOFA. This includes the sublet elements of functional freehold property which are apportioned between tangible fixed assets and investment properties.

Investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

### j) Stock

Stock consists of goods for resale held at Head Office, seafarers' centres and charity shops (where purchased for resale). Stock is valued at the lower of cost and net realisable value. Unsold donated items are excluded.

### k) Pensions

The Society operates a defined contribution group personal pension scheme with Aegon for the benefit of its UK based employees. Based upon gross salary, employees contribute at the rate of up to 4% net (5% including tax credit) and the Society at up to 10.75%. Contributions are charged to the SOFA when due.

Some employees, who are not eligible to join the above scheme, have personal pension plans into which the Society contributes under the terms of their employment contracts.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### **l) Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.

### **m) Operating leases**

Rentals paid under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged against income on a straight line basis over the term of each lease.

### **n) Preparation of the financial statements on a going concern basis**

The Society's worldwide operations are complex and wide-ranging. The Society's policy is to always ensure that adequate reserves are maintained to finance operations and to avoid any interruption of services to seafarers. A detailed review of the level of reserves is included in the Trustees Report annually.

The group results show net decrease in funds of £2,417,000 and net cash outflows of £133,000. The Society's listed investments are in liquid form and are of a sufficient size to fund this deficit and any estimated deficits in the next year from the date of approval of these financial statements. On this basis the Trustees consider the Society be a going concern.

The effect of the COVID-19 pandemic in 2020 on the Society's operations is covered in note 2 of the financial statements. The effect on future income streams can only be surmised as negative but not quantified with any degree of certainty when considering the effect on the Society's ability to trade as a going concern. Funders have focussed emergency funding on tackling the effects of COVID and the immediate aftermath, social distancing has made engagement with corporate donor prospects more problematical and their focus is not necessarily charitable giving at a time of crisis. World stock markets have fallen and global trade has been adversely affected so funds available to trusts relying on investment income and corporates earnings levels are likely to be reduced moving forward. This means that the Society's fundraising efforts need to be focussed on funders with sufficient resources to be able to donate and our ongoing programme needs to be relevant in the prevailing climate. Short-term measures such as the Coronavirus Job Retention Scheme in the UK have provided some welcome assistance in funding staff costs and reduced activity during lockdown, throughout the countries we operate in, had led to some operational cost savings at the expense of the service to our beneficiaries.

### **o) Corporate taxation**

The Society is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. The Society is not exempt from certain taxes applicable to some of its overseas operations where charitable tax reliefs cannot be applied.

### **p) Judgements in applying accounting policies and key sources of estimation uncertainty**

The Society applies judgement in relation to the recognition of legacy income in line with the stated accounting policy above. Judgement is also applied in the following areas:-

- the allocation of costs between the various activities of the Society. The method, as disclosed, is considered to be the fairest way to allocate shared costs between activities in a consistent manner.
- estimate of the liability in connection with Lagarie Childrens' Home claims as set out in note 19. There are a number of unknowns and assumptions involved in the calculation of the provision. This includes quantification of potential damages payable to claimants and the extent to which this is covered by insurance. The provision has been calculated using legal professional advice and in consultation with the Society's insurers.

There are no other significant judgements or estimates in these financial statements.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### q) Financial instruments

The Society has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Society's balance sheet when the Society becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

#### *Basic financial assets*

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through the statement of financial activities are measured at fair value.

#### *Other financial assets*

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### *Impairment of financial assets*

Financial assets, other than those held at fair value through the statement of financial activities, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the statement of financial activities.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### r) Classification of financial liabilities

#### *Basic financial liabilities*

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through the statement of financial activities are measured at fair value.

#### *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expenses recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Society after deducting all of its liabilities.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the Society's obligations are discharged, cancelled, or they expire.

## 2. Non-adjusting post balance sheet events

In February 2020 the full effects of the COVID-19 pandemic started to become evident following the outbreak in China at the very end of 2019. Financial markets fell as a result and global trade suffered.

The known effects on the Society are as follows:

- Port lockdowns to reduce the spread have meant that the ability to ship visit and interact with seafarers has been restricted or prohibited;
- Our charity shops and Seafarers' Centres have had to close during the lockdown affecting revenue generation;
- Sir Gabriel Wood's Mariners' Home has had to close its doors to new admissions during lockdown affecting occupancy rates;
- Investment income has generally fallen affecting both the Society's own income and that of the trusts that donate to it.
- Engagement with corporate donors has been hampered affecting the ability to raise funds by the Society.

In November 2020 the trustees of Sailors' Society communicated their intention to close the care home operation within Sir Gabriel Wood's Mariners' Home. The Home will continue to operate as plans are formalised to wind down operations in an orderly manner including the transfer of its residents to alternative care settings.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2019	2018
	£000's	£000's	£000's	£000's	£000's
<b>2. Donations and legacies</b>					
Donations and grants	280	437	-	717	1,223
Legacies	130	-	-	130	394
	<b>410</b>	<b>437</b>	<b>-</b>	<b>847</b>	<b>1,617</b>
2018	1,382	235	-	1,617	
<b>3. Charitable activities</b>					
Income from seafarers' centres and seafarers' retirement facility	90	-	-	90	80
Other programme related income	34	-	-	34	24
Residential home fees and flat rental income	-	1,155	-	1,155	1,005
	<b>124</b>	<b>1,155</b>	<b>-</b>	<b>1,279</b>	<b>1,109</b>
2018	104	1,005	-	1,109	
<b>4. Other trading activities</b>					
Charity shop income	261	-	-	261	266
Fundraising events, sponsorship & commercial	107	-	-	107	302
	<b>368</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>568</b>
2018	568	-	-	568	
<b>5. Investment income</b>					
Listed investments	242	-	-	242	323
Property rents	22	-	-	22	24
Interest receivable	3	-	-	3	3
	<b>267</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>350</b>
2018	332	18	-	350	
<b>6. Other income</b>					
Share of proceeds on disposal of joint centre freehold property	-	-	-	-	9
Release of liability on transfer of Leith Aged Mariners' Fund	-	80	-	80	-
Surplus on disposal of fixed assets	47	-	-	47	-
Miscellaneous	11	-	-	11	6
	<b>58</b>	<b>80</b>	<b>-</b>	<b>138</b>	<b>15</b>
2018	15	-	-	15	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 7. Total expenditure 2019

	Staff Costs £000's (Note 10)	Other direct costs £000's	Support costs £000's (Note 8)	Governance costs allocation £000's	Total 2019 £000's	Total 2018 £000's
<b>Expenditure on raising funds</b>						
<b>Fundraising costs</b>						
Charity shop costs	211	271	60	-	542	557
Fundraising events, sponsorship and commercial	104	143	54	7	308	576
	<b>315</b>	<b>414</b>	<b>114</b>	<b>7</b>	<b>850</b>	<b>1,133</b>
<b>Costs of generating voluntary income</b>						
Other fundraising costs	176	17	81	6	280	361
	<b>176</b>	<b>17</b>	<b>81</b>	<b>6</b>	<b>280</b>	<b>361</b>
<b>Investment costs</b>						
Investment management and investment property costs	-	41	5	-	46	31
Foreign exchange differences on investments	-	-	-	-	-	(14)
	<b>-</b>	<b>41</b>	<b>5</b>	<b>-</b>	<b>46</b>	<b>17</b>
	<b>491</b>	<b>472</b>	<b>200</b>	<b>13</b>	<b>1,176</b>	<b>1,511</b>
<b>Expenditure on charitable activities</b>						
Chaplaincy, welfare and projects	795	725	297	45	1,862	2,093
Seafarers' centres costs	43	98	29	20	190	201
Leith Aged Mariners' Fund commitment	-	2	-	-	2	9
Residential home and seafarers' let accommodation costs	946	574	18	18	1,556	1,441
Contributions to partner organisations	4	73	36	13	126	134
Promoting the charitable purpose	231	152	156	32	571	909
	<b>2,019</b>	<b>1,624</b>	<b>536</b>	<b>128</b>	<b>4,307</b>	<b>4,787</b>
<b>Governance</b>						
	<b>7</b>	<b>42</b>	<b>92</b>	<b>(141)</b>	<b>-</b>	<b>-</b>
	<b>2,517</b>	<b>2,138</b>	<b>828</b>	<b>-</b>	<b>5,483</b>	<b>6,298</b>
Support staff costs	509		(509)			
	<b>3,026</b>		<b>319</b>			

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 7. Total expenditure (continued)

	2019 £000's	2018 £000's
Net incoming resources are stated after charging/(crediting) :-		
Remuneration paid to the Society's auditors:		
- audit fee for the Society	18	12
- audit fee for the subsidiaries	17	15
- tax compliance services and other advice	1	2
- systems consultancy	-	9
- accounting assistance (Sir Gabriel Wood's Mariners' Home)	2	1
Remuneration paid to other auditors	2	-
Operating lease rentals		
- land & buildings	187	184
- equipment	49	75
Mortgage interest payable	21	22
Surplus on disposal of fixed assets	(47)	(2)
Foreign exchange differences	15	22
Depreciation, amortisation and impairment	319	352

## 8. Allocation of support costs

	Premises running costs £000's	Office facilities costs £000's	Finance, accounting & IT £000's	Management & audit £000's	2019 total £000's	2018 total £000's
<i>Basis of allocation</i>	<i>Floor area</i>	<i>Head count</i>	<i>Time spent</i>	<i>Time spent</i>		
<b>Fundraising costs</b>						
Charity shop costs	2	10	48	-	60	43
Fundraising events, sponsorship & commercial	5	19	19	11	54	101
	<b>7</b>	<b>29</b>	<b>67</b>	<b>11</b>	<b>114</b>	<b>144</b>
<b>Costs of generating voluntary income</b>						
Other fundraising costs	12	47	5	22	86	93
	<b>12</b>	<b>47</b>	<b>5</b>	<b>22</b>	<b>86</b>	<b>93</b>
<b>Charitable activities</b>						
Chaplaincy, welfare and projects	10	57	165	65	297	336
Seafarers' centres costs	1	4	24	-	29	32
Leith Aged Mariners' Fund	-	-	-	-	-	7
Residential home and seafarers' let accommodation costs	1	5	12	-	18	11
Contributions to partner organisations	1	4	10	21	36	39
Promoting the charitable purpose	17	61	3	75	156	165
	<b>30</b>	<b>131</b>	<b>214</b>	<b>161</b>	<b>536</b>	<b>590</b>
<b>Governance</b>	<b>2</b>	<b>13</b>	<b>47</b>	<b>30</b>	<b>92</b>	<b>75</b>
	<b>51</b>	<b>220</b>	<b>333</b>	<b>224</b>	<b>828</b>	<b>902</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. Analysis of grants expenditure within charitable expenditure

	Grants to institutions £000's	Grants to individuals £000's	Support costs £000's	2019 £000's	2018 £000's
Operation of seafarers centres	10	-	-	10	14
Seafarer communities	181	-	4	185	148
Chaplaincy	30	-	-	30	31
Seafarer general welfare	51	14	3	68	43
Educational	-	37	3	40	82
	<b>272</b>	<b>51</b>	<b>10</b>	<b>333</b>	<b>318</b>

Material grants made to institutions £10,000 and over, included in the above, were as follows:

		2019 £000's	2018 £000's (as restated)
<i>Within contributions to partner organisations (for seafarers' welfare):-</i>			
Sailors' Society Southern Africa	Chaplaincy in South Africa	24	28
<i>Within chaplaincy &amp; welfare:-</i>			
Voluntary Health Services, Chennai, India	Provision of mobile medical facilities	14	-
Liprayan Integrated School (paid to building contractor)	Construction of community school used by seafarers' families in Lipayran, Philippines	181	-
Sailors' Society Southern Africa	Crisis Response coordination	10	10
Sailors' Welfare Association	Programme management in India	22	4
Habitat for Humanity	Maritime community assistance in Yangon, Myanmar including increasing external awareness of living & working conditions, reskilling seafarers' and family members unable to get work as seafarers and building typhoon proof housing	-	148
Maria Tsakos Foundation	Contribution to the construction of the Tsakos Enhanced Education Nautical School ("TEENS")	-	23
<i>Within various:-</i>			
Others £10,000 and under		21	25
		<b>272</b>	<b>238</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 10. Staff costs and numbers

	2019 £000's	2018 £000's
Salaries and wages	2,626	2,934
Social security costs	210	239
Pension costs	117	99
Life assurance and medical insurance	35	47
Chaplains' housing costs	38	36
	<b>3,026</b>	<b>3,355</b>
Benefits in kind not included in the above	34	81

Total pension contributions accrued and not paid at 31 December 2019 amounted to £9,654 (2018: £19,832).

Total redundancy and termination payments were £26,440 of which £3,000 was unpaid at 31 December 2019. (2018: £Nil).

The total remuneration of the six members of the Senior Leadership Team, including benefits but excluding pension contributions was £393,994 (2018: five members £396,445). No remuneration was received by any trustee.

The number of employees receiving total emoluments over £60,000, as defined for taxation purposes, were as follows :

	2019 Number	2018 Number
£60,000 to £69,999	1	1
£70,000 to £79,999	2	3
£80,000 to £89,999	1	-
£100,000 to £110,000	-	1

Pension contributions to the Society's defined contribution scheme for the four employees above were £34,810 (2018: five employees £37,968).

The average number of employees, calculated on a full time equivalent basis (including casual and part-time staff), analysed by function was:

	2019 Number	2018 Number
Chaplaincy and welfare	46	50
Seafarers' centres	9	8
Fundraising and charity shops	14	25
Residential home	44	43
Promoting the charitable cause	5	9
Management and administration of the charity	10	10
	<b>128</b>	<b>145</b>

The average monthly head count during the year was 149 (2018: 170).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 11. Intangible assets

#### *Consolidated and the Society*

##### Cost

	Computer software £000's
At 1 January 2019	-
Recategorised from tangible fixed assets	281
Additions	33
At 31 December 2019	<b>314</b>

##### Amortisation

At 1 January 2019	-
Recategorised from tangible fixed assets	128
Charge for the year	34
At 31 December 2019	<b>162</b>

##### Net book value

At 31 December 2019	<b>152</b>
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Computer software relates to the apps the Society has developed for use in its external charitable operations and other software it has developed for internal use. This was formerly included as tangible fixed assets but has been recategorised as intangible in 2019. No prior period adjustment has been made to reflect this recategorisation.

The value of computer software, in development, not amortised was £49,711 (2018 - £39,600).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 12. Tangible fixed assets

#### a) Consolidated

	Freehold property & improvements £000's	Sir Gabriel Wood's Home & Court £000's	Leasehold property £000's	Furniture fittings & equipment £000's	Motor vehicles £000's	Total £000's
<b>Cost or valuation</b>						
At 1 January 2019	1,469	1,769	558	896	722	5,414
Additions	-	-	-	1	35	36
Recategorised as intangible	-	-	-	(281)	-	(281)
Recategorised as investment	(237)	-	-	-	-	(237)
Disposals	(135)	-	-	(61)	(85)	(281)
At 31 December 2019	<b>1,097</b>	<b>1,769</b>	<b>558</b>	<b>555</b>	<b>672</b>	<b>4,651</b>
<b>Depreciation</b>						
At 1 January 2019	226	473	343	566	480	2,088
Charge for year	28	66	39	40	87	260
Recategorised as intangible	-	-	-	(128)	-	(128)
Recategorised as investment	(25)	-	-	-	-	(25)
Impairment provision	-	-	25	-	-	25
Disposals	(51)	-	-	(43)	(66)	(160)
At 31 December 2019	<b>178</b>	<b>539</b>	<b>407</b>	<b>435</b>	<b>501</b>	<b>2,060</b>
<b>Net book value</b>						
At 31 December 2019	<b>919</b>	<b>1,230</b>	<b>151</b>	<b>120</b>	<b>171</b>	<b>2,591</b>
<b>Net book value</b>						
At 31 December 2018	1,243	1,296	215	330	242	3,326

Sir Gabriel Wood's Mariners' Home and Court were valued in January 2011 by Millar Surveying Services, Chartered Surveyors on an open market value for existing use basis. As the home is an historic building and the property is held in trust, it has been shown separately from other freehold property. If it had not been revalued it would have been included at the following amounts:

	2019 £000's	2018 £000's
Cost	1,574	1,574
Depreciation	(1,003)	(946)
Net book value	<b>571</b>	<b>628</b>

Compared to the depreciation calculated by reference to historical cost, the figure in the financial statements is greater by £9,716 (2018: £9,716).

#### b) Capital Commitments (Group)

At 31 December 2019 the group had no capital commitments (2018 - £nil).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 12. Tangible fixed assets (Continued)

#### c) *The Society*

	Freehold property & improvements £000's	Sir Gabriel Wood's Home & Court £000's	Leasehold property £000's	Furniture fittings & equipment £000's	Motor vehicles £000's	Total £000's
<b>Cost or valuation</b>						
At 1 January 2019	1,469	1,540	435	651	617	4,712
Additions	-	-	-	1	35	36
Recategorised as intangible	-	-	-	(281)	-	(281)
Recategorised as investment	(237)	-	-	-	-	(237)
Group transfers	-	-	-	4	-	4
Disposals	(135)	-	-	(46)	(85)	(266)
At 31 December 2019	<b>1,097</b>	<b>1,540</b>	<b>435</b>	<b>329</b>	<b>567</b>	<b>3,968</b>
<b>Depreciation</b>						
At 1 January 2019	226	434	284	380	426	1,750
Charge for the year	28	55	19	28	69	199
Recategorised as intangible	-	-	-	(128)	-	(128)
Recategorised as investment	(25)	-	-	-	-	(25)
Group transfers	-	-	-	2	-	2
Impairment provision	-	-	25	-	-	25
Disposals	(51)	-	-	(36)	(66)	(153)
At 31 December 2019	<b>178</b>	<b>489</b>	<b>328</b>	<b>246</b>	<b>429</b>	<b>1,670</b>
<b>Net book value</b>						
At 31 December 2019	<b>919</b>	<b>1,051</b>	<b>107</b>	<b>83</b>	<b>138</b>	<b>2,298</b>
At 31 December 2018	1,243	1,106	151	271	191	2,962

#### d) *Capital Commitments (Society only)*

At 31 December 2019 the Society had no capital commitments (2018 - £nil).

#### e) *Assets held on hire purchase agreements (Consolidated only)*

The net book value of assets held on hire purchase agreements within furniture fittings & equipment was £1,686 (2018: £2,248). Depreciation during the year was £562 (2018: £749).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 13. Fixed asset investments

### a) Consolidated

	Cazenove Fund £000's	General Fund £000's	Endowment Fund £000's	Total £000's
<b>Market value</b>				
At 1 January 2019	3,109	3,674	182	6,965
Additions	193	178	-	371
Disposals	(918)	(1,256)	(182)	(2,356)
Unrealised gains on revaluation	189	390	-	579
<b>Market value at 31 December 2019</b>	<b>2,573</b>	<b>2,986</b>	<b>-</b>	<b>5,559</b>
<b>Historical cost at 31 December 2019</b>	<b>1,920</b>	<b>1,991</b>	<b>-</b>	<b>3,911</b>
<b>Listed investments</b>				
UK fixed interest securities	33	474	-	507
UK equity shares	564	1,237	-	1,801
Overseas equity shares	1,132	1,002	-	2,134
Property funds	206	136	-	342
Alternative investments	520	137	-	657
Cash	118	-	-	118
<b>Market value at 31 December 2019</b>	<b>2,573</b>	<b>2,986</b>	<b>-</b>	<b>5,559</b>

### b) The Society

<b>Market value</b>				
At 1 January 2019	2,918	3,674	-	6,592
Additions	-	178	-	178
Disposals	(728)	(1,256)	-	(1,984)
Unrealised gains on revaluation	181	390	-	571
<b>Market value at 31 December 2019</b>	<b>2,371</b>	<b>2,986</b>	<b>-</b>	<b>5,357</b>
<b>Historical cost at 31 December 2019</b>	<b>1,727</b>	<b>1,991</b>		<b>3,718</b>
<b>Listed investments</b>				
UK fixed interest securities	31	474	-	505
UK equity shares	519	1,237	-	1,756
Overseas equity shares	1,043	1,002	-	2,045
Property funds	190	136	-	326
Alternative investments	479	137	-	616
Cash	109	-	-	109
<b>Market value at 31 December 2019</b>	<b>2,371</b>	<b>2,986</b>	<b>-</b>	<b>5,357</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 13. Fixed asset investments (continued)

Individual holdings at 31 December 2019 representing more than 5% of the value of the combined portfolio were as follows:-

Vanguard S&P 500 ETF	8.0%
Schroder QEP Global Core	5.9%

The Cazenove Fund is the Cazenove Charity Multi-Asset Fund which is a Charity Authorised Investment Fund. This investment forms part of the Society's unrestricted funds.

### 14. Freehold investment properties

#### *Consolidated and the Society - at valuation*

	£000's
At 1 January 2019	445
Transfer from freehold property	212
Revaluation in the year	2
	<hr/>
At 31 December 2019	<b>659</b>

The valuation consists of:

Freehold property - Beattie Rise, Hedge End, Southampton	455
Freehold property - Sublet portion of Seafarer House, Woolston, Southampton	204
	<hr/>
	<b>659</b>

The freehold property at Beattie Rise was valued at 31 December 2019 on an open market basis by the directors, based on advice received from local estate agents.

The sublet portion of Seafarer House was valued at 31 December 2019 by the directors based on the capitalised value of rental income received with reference to commercial rental yields supplied by letting agents. The remainder of the property, occupied by the Society, remains within freehold property in tangible fixed assets.

The historical net book value of the properties is £290,696 (2018: £77,062).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 15. Interest free loans

	Consolidated		The Society	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Loans to joint operations	16	16	16	16

These loans are to finance the operations of the borrowers and are not repayable within twelve months.

### 16. Debtors

	Consolidated		The Society	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Trade debtors	95	120	12	14
Amounts owed by subsidiary undertakings	-	-	7	529
Other debtors, prepayments and accrued income	384	469	364	422
	479	589	383	965

### 17. Creditors: amounts falling due within one year

	Consolidated		The Society	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Trade creditors	135	172	99	134
Bank loans	19	19	19	19
Taxes and social security	46	53	29	37
Pension contributions owed	10	20	10	20
Other creditors and accruals	109	80	60	53
Hire purchase	1	1	-	-
Deferred income (see note below)	40	8	24	8
Amounts owed to subsidiary undertakings	-	-	61	-
Grant commitments	-	26	-	26
Obligations for future payments under the Leith Aged Mariners' Fund (see note 20(b))	-	7	-	-
	360	386	302	297
Secured creditors	20	20	19	19

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 17. Creditors: amounts falling due within one year (continued)

	Consolidated		The Society	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
<b>Deferred income</b>				
At 1 January 2019	8	29	8	11
Released to Statement of Financial Activities	(8)	(21)	(8)	(3)
Received in the year	40	-	24	-
	<u>40</u>	<u>8</u>	<u>24</u>	<u>8</u>
At 31 December 2019				

## 18. Creditors: amounts falling due after more than one year

	Consolidated		The Society	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
Bank loan	479	499	479	499
Obligations for future payments under the Leith Aged Mariners' Fund (see note 20(b))	-	73	-	-
Hire purchase	1	2	-	-
	<u>480</u>	<u>574</u>	<u>479</u>	<u>499</u>
Secured creditors	480	501	479	499

Assets held under hire purchase agreements are secured on the asset to which the agreement relates. Amount payable in the next twelve months are shown as creditors due within one year.

	Consolidated		The Society	
	2019	2018	2019	2018
	£000's	£000's	£000's	£000's
<b>Future payments due</b>				
Amounts payable between 1 and 2 years	41	42	40	40
Amounts payable between 2 and 5 years	120	121	120	120
Amounts payable over 5 years	506	546	506	546
	<u>667</u>	<u>709</u>	<u>666</u>	<u>706</u>
Less: finance charges allocated to future periods	(187)	(208)	(187)	(207)
	<u>480</u>	<u>501</u>	<u>479</u>	<u>499</u>
Hire purchase	1	2	-	-
Bank loan	479	499	479	499
	<u>480</u>	<u>501</u>	<u>479</u>	<u>499</u>

The bank loan was advanced in August 2017 and is repayable over 20 years at an interest rate of 4.19% p.a. fixed for a period of 10 years and renegotiable thereafter. The loan is secured on the freehold property at St Annes Road, Southampton.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 19. Provisions for liabilities and charges

	Lagarie Childrens' Home £000's
At 1 January 2019	775
Provided in the year - extraordinary item	530
Utilised in the year	(20)
	<hr/>
<b>At 31 December 2019</b>	<b>1,285</b>
	<hr/>

Between 1949 and 1982 the Scottish Branch of the Society operated Lagarie Children's Home in Rhu, Dumbartonshire. The Scottish Branch closed in 1982 and management of its operations then reverted back to the Society's Head Office. The Society has received legal claims from a number of residents at the home alleging abuse against them to varying degrees during their time spent there. The Home also closed in 1982.

The Society has made a provision of for actual claims bought against it, currently going through the legal process. This provision is based on an estimate of damages, legal costs and interest, not covered by insurance. Legal advice is being taken regarding defending these claims.

This has been treated as an extraordinary item in the SOFA on the basis that:-

- it is a material event and transaction;
- it falls outside of the Society's ordinary activities;
- it is abnormal in its nature; and
- the event is not expected to recur.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 20. Reserves

<i>(a) Endowments - consolidated</i>	Balance 1 January 2019	Movement in Funds		Balance 31 December 2019
		Incoming resources	Expenditure, gains, losses and transfers	
<b>Permanent endowments</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Sir Gabriel Wood's Mariners' Home	1,296	-	(66)	1,230
<b>Expendable endowments</b>				
Leith Aged Mariners' Fund (see note 20(b))	123	-	(123)	-
	<b>1,419</b>	<b>-</b>	<b>(189)</b>	<b>1,230</b>

Included within the above are the following movements on revaluation reserves:

Leith Aged Mariners' Fund - investments	53	-	(53)	-
Sir Gabriel Wood's Mariners' Home	669	-	(10)	659
	<b>722</b>	<b>-</b>	<b>(63)</b>	<b>659</b>

### *(b) Restricted funds - consolidated*

#### **Sailors' Society (see note 20(e))**

Capital grants and donations	298	37	(51)	284
Donations & events income	147	352	(427)	72
Legacies	10	-	-	10

#### **Sailors' Society Scotland (see details below)**

Capital grants and donations	10	-	(3)	7
Leith Aged Mariners' Fund	-	82	(35)	47
Programme related work	-	43	(43)	-

#### **Sir Gabriel Wood's Mariners' Home**

General funds including grants	448	1,160	(1,424)	184
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#### **Sailors' Society Philippines Inc**

Boat project	13	-	(5)	8
	<b>926</b>	<b>1,674</b>	<b>(1,988)</b>	<b>612</b>

Included within the above are the following movements on revaluation reserves:

Sir Gabriel Wood's - listed investments	<b>18</b>	<b>-</b>	<b>(18)</b>	<b>-</b>
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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 20. Reserves

#### *(b) Restricted funds - consolidated (continued)*

		Movement in Funds		
	Balance 1 January 2019	Incoming Resources	Expenditure gains, losses and transfers	Balance 31 December 2019
	£000's	£000's	£000's	£000's
Sailors' Society Scotland - restricted funds details				
Chaplains' vehicle capital grants	7	-	(2)	5
Montrose Centre capital grant	3	-	(1)	2
Chaplains' ministry costs - Dundee, Leith, Glasgow	-	5	(5)	-
Leith Aged Mariners' Fund	-	82	(35)	47
Advocacy work in Scotland	-	38	(38)	-
	<u>10</u>	<u>125</u>	<u>(81)</u>	<u>54</u>

#### **Sir Gabriel Wood's Mariners' Home**

Sir Gabriel Wood's Mariners' Home in Greenock provides accommodation for retired seafarers and their dependants. The original assets and administration of the home were transferred, under a Deed of Trust, to the Society in 1968. The value of the Home itself is shown as an endowment fund. The day to day administration of the Home is carried out by the subsidiary charity whose own net assets are shown under restricted funds.

#### **Grants**

Grants relate to unexpended revenue grants and capital grants (both expended and unexpended). Depreciation on assets purchased with capital grants is charged against this restricted fund.

#### **Leith Aged Mariners' Fund**

The administration of the Leith Aged Mariners' Fund was passed to the Society by The Trinity House of Leith in 2000. The Fund was a separate Scottish registered charity and was formed in 1943 for the benefit of aged seamen and their widows belonging to or connected with the port of Leith who, because of their financial position, were deemed to have been deserving of charitable help.

The Fund was closed down and merged into Sailors' Society Scotland in early 2019 following an application to the Office of the Scottish Charity Regulator. A liability of £80,000 within the consolidated financial statements at 1 January 2019 was released as restricted income within Sailors' Society Scotland in relation to the fund. The movements on the fund since transference also allow for a reassessment of the amount required on an actuarial basis to fund the payments at their current level for the rest of the beneficiary lives. Transfers are made to/from the unrestricted funds of Sailors' Society Scotland for this purpose.

The estimated future payments for beneficiaries of the Leith Aged Mariners' Fund were calculated on an actuarial basis to be approximately £47,000 at 31 December 2019, using 2016-2018 life tables for Scotland supplied by the Office of National Statistics. The weekly payment is £12 with a further £12 given as a Christmas bonus in December. The annual cost is £636 per person. There were 9 beneficiaries at 31 December 2019, down from 11 at 1 January 2019.

Taking into account restricted donations and payments made to beneficiaries, the value of the restricted fund at 31 December 2019 has been reduced to the actuarial valuation at the current payment rate amounting to £47,000. A corresponding transfer from restricted to unrestricted funds of £30,536 has been made and will be adjusted annually as actuarial estimates are revised (see note 20 (f)).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 20. Reserves

	Balance	Movement in Funds		Balance
	1 January 2019	Incoming Resources	Expenditure gains, losses and transfers	31 December 2019
	£000's	£000's	£000's	£000's
<i>(c) Unrestricted funds - consolidated</i>				
Sailors' Beneficial Enterprises Ltd (note 22)	(401)	64	(204)	(541)
General reserve	6,536	1,163	(2,646)	5,053
Designated Funds (see note 20(d))	1,806	-	(291)	1,515
	<b>7,941</b>	<b>1,227</b>	<b>(3,141)</b>	<b>6,027</b>

Included within the above are the following movements on revaluation reserves:

Investment properties	368	-	-	368
Listed Investments	1,350	-	297	1,647
	<b>1,718</b>	<b>-</b>	<b>297</b>	<b>2,015</b>

### *(d) Designated funds*

#### *Consolidated*

Overseas Retirement Fund	50	-	-	50
Fixed Asset Fund	1,722	-	(288)	1,434
Educational Fund	34	-	(3)	31
	<b>1,806</b>	<b>-</b>	<b>(291)</b>	<b>1,515</b>

#### *Society*

Overseas Retirement Fund	50	-	-	50
Fixed Asset Fund	1,558	-	(231)	1,327
Educational Fund	34	-	(3)	31
	<b>1,642</b>	<b>-</b>	<b>(234)</b>	<b>1,408</b>

#### **Overseas Retirement Fund**

This fund is intended to provide lump sum retirement grants to overseas staff and is based on age and length of service.

#### **Educational Fund**

This fund was originally established in 2007 following the sale of an artifact bequeathed to the Society which was sold at auction. The proceeds have been utilised to fund nautical training grants for sea service in memory of the donor's family.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## 20. Reserves (continued)

### (e) The Society

	Movement in funds		
	Balance 1 January 2019 £000's	Incoming Resources £000's	Expenditure gains, losses transfers and revaluations £000's
			Balance 31 December 2019 £000's
<b>Endowment funds</b>			
Sir Gabriel Wood's Mariners' Home	1,106	-	(55)
			1,051
<b>Restricted funds</b>			
Capital grants and donations	298	37	(51)
Donations & events income	147	352	(427)
Legacies	10	-	-
	455	389	(478)
			366
<b>Unrestricted Funds - General reserve</b>			
General reserve	8,308	1,110	(3,682)
	9,869	1,499	(4,215)
			7,153
Included within the above are the following movements on revaluation reserves:			
Investment properties	368	-	-
Listed Investments	1,350	-	289
Sir Gabriel Wood's Mariners' Home	669	-	(10)
	2,387	-	279
			2,666
<b>Restricted funds details</b>			
Capital grants - Seafarers' Centres	218	-	(28)
Capital grants & donations - Chaplains' & programme related vehicles	58	16	(18)
App developments & Chaplains' IT	22	46	(15)
Wellness Programme	-	71	(71)
Chaplains' ministry costs	11	68	(71)
Crisis Respoins Network	-	21	(21)
Unspent legacy - Northern Ireland	10	-	-
Seafarers' welfare (direct)	3	-	(3)
India seafarer medical facilities	8	-	(8)
India seafarers' centre facilities	7	-	-
Haiyan Appeal - rebuilding communities	115	98	(178)
ICMA Conference attendance	-	9	(9)
Southampton Seafarers' Centre running costs	1	20	(21)
School boats & libraries	2	-	(2)
Sea training scholarships	-	40	(33)
	455	389	(478)
			366

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**20. Reserves (continued)**

*(f) Transfers between funds*

	Unrestricted Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total Funds £000's
Leith Aged Mariners' Fund transfer of funds to Sailors' Society Scotland	127	2	(129)	-
Sailors' Society Scotland - Leith Aged Mariners' beneficiaries reduction in restricted funds based on actuarial valuation	31	(31)	-	-
Other transfers	(3)	3	-	-
	<b>155</b>	<b>(26)</b>	<b>(129)</b>	<b>-</b>

**Leith Aged Mariners' Fund**

The transfer represents the transfer of net assets to Sailors' Society Scotland as a result of the winding up of the fund.

**Sailors' Society Scotland**

The transfer represents a reduction in the initial transfer to Sailors' Society Scotland to reflect a reassessment of the actuarial liability based on estimated payments to existing beneficiaries for the remainder of their lives (see note 20 (b)).

**Other transfers**

Other transfers relate to sundry adjustments to correct prior year rounding differences.

**21. Analysis of consolidated net assets between funds**

	Unrestricted Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total Funds £000's
Fund balances at 31 December 2019 are represented by:				
Tangible fixed assets	1,012	349	1,230	2,591
Intangible fixed assets	152	-	-	152
Investment properties	659	-	-	659
Investments	5,559	-	-	5,559
Interest free loans	16	-	-	16
Current assets	679	338	-	1,017
Current liabilities	(286)	(74)	-	(360)
Long term liabilities	(479)	(1)	-	(480)
Provisions for liabilities and charges	(1,285)	-	-	(1,285)
<b>Total net assets at 31 December 2019</b>	<b>6,027</b>	<b>612</b>	<b>1,230</b>	<b>7,869</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

### 22. Subsidiary undertakings

#### *(a) Details of subsidiaries*

(1) The Society owns 100% of the issued ordinary share capital of Sailors' Beneficial Enterprises Ltd, a company limited by shares and registered in England and Wales (no. 3652955). The company arranges corporate sponsorship on behalf of the Sailors' Society and organises selected overseas fundraising events. It also handles any commercial trading activity. The registered office is Seafarer House, 74 St Annes Rd, Southampton, SO19 9FF.

(2) Sir Gabriel Wood's Mariners' Home and Court in Greenock is a registered charity in Scotland (no. SC003763) managed by a committee acting under powers delegated to it by the trustees of the charity. The majority of trustees are directors of the Society and the Chief Executive Officer. The registered office is 67 Newark Street, Greenock, PA16 7TQ.

(3) Sailors' Society Scotland is a registered charity in Scotland (no. SC041887) and a company limited by guarantee registered in Scotland (no. SC387850). This charity carries out some of the fundraising and charitable activity in Scotland. The registered office is c/o Mazars LLP, 100 Queen Street, Glasgow, G1 3DN.

(4) Sailors' Society Philippines Incorporated is a company limited by guarantee, registered in the Philippines, number CN201628509. The Society exercises its control through the company's Board of Trustees, the majority of whom are Society employees. The registered office is Room 204B, 18 Cherry Court Building, General Maxilom Avenue, Brangay Zapatera, Cebu City, Cebu, Philippines.

(5) Leith Aged Mariners' Fund was a registered charity in Scotland (no. SC003014) managed by the Board of directors as nominated trustees of the fund on behalf of the Society. Results have been included in the financial statements up and until 8 March 2019. The charity has been wound up with effect from that date. The registered office was Seafarer House, 74 St Annes Road, Southampton, SO19 9FF.

(6) Sailors' Society USA is a non-profit corporation incorporated in the state of Texas, USA, file number 0803171422. The registered office is 909 Fannin Street, Houston, Texas 77010, USA. The company was formed to carry out fundraising activities in the USA but has been dormant since formation. The Society exercises control through the company's Board of Directors and Officers, the majority of whom are employees of the Society.

All results of the above subsidiaries are consolidated in the group financial statements.

#### *(b) Investment in subsidiaries*

Cost	£000's
At 1 January 2019 and 31 December 2019	21
<b>Provision for diminution in value</b>	
At 1 January 2019	16
Provision in year	-
At 31 December 2019	16
<b>Net book value</b>	
At 31 December 2019	5
At 31 December 2018	5

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 22. Subsidiary undertakings (continued)

#### (c) Financial details

	Leith Aged Mariners' Fund		Sir Gabriel Wood's Mariners' Home		Sailors' Beneficial Enterprises Ltd	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Donations & grants	-	2	3	8	-	-
Sailors' Society funding	-	-	-	-	-	-
Commercial/retail income	-	-	-	-	63	100
Legacies	-	-	-	-	-	-
Residential home & flat fees	-	-	1,155	1,005	-	-
Investment & other income	-	8	-	10	1	-
	<b>0</b>	<b>10</b>	<b>1,158</b>	<b>1,023</b>	<b>64</b>	<b>100</b>
Charitable expenditure	(2)	(9)	(1,440)	(1,370)	-	-
Commercial/retail costs	-	-	-	-	(189)	(300)
	<b>(2)</b>	<b>(9)</b>	<b>(1,440)</b>	<b>(1,370)</b>	<b>(189)</b>	<b>(300)</b>
	<b>(2)</b>	<b>1</b>	<b>(282)</b>	<b>(347)</b>	<b>(125)</b>	<b>(200)</b>
Investment gains/(losses)	6	(18)	17	(20)	-	-
Transfer to Sailors' Society Scotland	(207)	-	-	-	-	-
Interest to parent charity	-	-	-	-	(15)	(10)
<b>Net (deficit)/surplus</b>	<b>(203)</b>	<b>(17)</b>	<b>(265)</b>	<b>(367)</b>	<b>(140)</b>	<b>(210)</b>
The aggregate of the assets, liabilities and funds was:						
Assets	-	206	259	511	83	133
Liabilities	-	(3)	(75)	(62)	(620)	(530)
<b>Funds</b>	<b>-</b>	<b>203</b>	<b>184</b>	<b>449</b>	<b>(537)</b>	<b>(397)</b>
			Sailors' Society Scotland		Sailors' Society Philippines	
			2019 £000's	2018 £000's	2019 £000's	2018 £000's
Donations & grants			51	19	-	2
Sailors' Society funding			135	210	253	69
Commercial/retail/charitable trading income			58	49	5	-
Legacies				13	-	-
Investment income			4	-	-	-
Transfer from Leith Aged Mariners' fund			207	-	-	-
			<b>455</b>	<b>291</b>	<b>258</b>	<b>71</b>
Charitable expenditure			(150)	(158)	(280)	(84)
Fundraising and retail costs			(52)	(50)	-	-
			<b>(202)</b>	<b>(208)</b>	<b>(280)</b>	<b>(84)</b>
Investment gains			8	-	-	-
<b>Net (deficit)/surplus</b>			<b>261</b>	<b>83</b>	<b>(22)</b>	<b>(13)</b>
Assets			295	47	32	27
Liabilities			(3)	(17)	(28)	(1)
<b>Funds</b>			<b>292</b>	<b>30</b>	<b>4</b>	<b>26</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 22. Subsidiary undertakings (continued)

#### *(c) Financial details*

Transactions between the Society and the subsidiaries during the year and balances due at 31 December are as follows:-

	Leith Aged Mariners' Fund		Sailors' Beneficial Enterprises Ltd		Sailors' Society Scotland		Sailors' Society Philippines	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Management charges made by Society	-	-	11	22	38	30	-	-
Grant funding from Society	-	-	-	-	135	210	253	69
Loan interest due to the Society	-	-	15	10	-	-	-	-
Balance due (to)/from Society at 31 December	-	(2)	(606)	(515)	61	(12)	-	-

The Society bears the costs of investment management fees on the Leith Aged Mariners' Fund investment portfolio. This cost during the year was £NIL (2018: £1,188).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 23. Financial commitments

#### *a) Operating leases*

At 31 December the Society had total commitments under non-cancellable operating leases payable as follows:

	Consolidated			
	Land and Buildings		Other	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Within one year	175	173	4	35
Between two and five years	240	382	3	4
More than five years	17	31	-	-
	<b>432</b>	<b>586</b>	<b>7</b>	<b>39</b>

  

	The Society			
	Land and Buildings		Other	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Within one year	135	135	4	35
Between two and five years	159	292	3	4
More than five years	1	2	-	-
	<b>295</b>	<b>429</b>	<b>7</b>	<b>39</b>

At 31 December 2019 Sailors' Society Philippines Inc had a commitment of £27,000 in respect of a contract relating to seafarer community rebuilding in the Philippines.

### 24. Related party transactions

The Society has made financial contributions in the current year and in the past, to kindred organisations that are separate legally registered organisations and of which the Society is a joint trustee or was a participating party on formation of such organisations.

#### *(a) Legal details*

Name	Registered charity no. (UK)	Country of registration	Society relationship
Port of Bristol Seafarers' Centre	286078	England	Joint Trustee
Seaham Seafarers' Society	517633	England	Participating party
Felixstowe & Haven Ports Seafarers' Service	272077	England	Joint Trustee
Port Hedland Seafarers' Centre		Australia	Participating party
Flying Angel Club, Fremantle		Australia	Participating party
Humber Seafarers' Service Ltd	1159953	England	Joint Trustee

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 24. Related party transactions (continued)

#### *(a) Legal details (continued)*

As each of these organisations is a separate legal entity the net assets are protected and on the dissolution of the organisation there is specific direction in the constitution as to how net assets are to be distributed.

#### *(b) Balances owed at balance sheet date*

Balances due from such organisations were as follows :-

	2019 £000's	2018 £000's
Port Hedland Seafarers' Centre	4	4
Flying Angel Club, Fremantle	12	12

#### *(c) Financial details and transactions with kindred organisations during the year*

Financial details of and transactions with organisations in which the Society is a Joint Trustee and involved in the management are :-

	Humber	Felixstowe	Port of Bristol
Grants paid by Society during year (£000's)	-	-	9
Proportion of controlling influence	33.3%	33.3%	33.3%
Proportion of net assets on dissolution			
- property	-	33.3%	33.3%
- other	-	33.3%	33.3%
Last accounts date	31 March 2019	31 March 2019	31 March 2019
Net surplus/(deficit) in £000's	1	(46)	42
Net assets in £000's	104	506	209

Upon dissolution, the net assets of the Humber Seafarers' Service can be transferred to an external body with agreement by the members. This may be, but not necessarily, one of the participating societies.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 24. Related party transactions (continued)

#### *(d) Transactions involving directors and senior management*

##### **Directors expenses**

The Directors do not receive any remuneration. Amounts relating to travel and subsistence paid to six directors totalled £4,284 (2018: four directors, for travel, subsistence and trustee retirement dinner - £3,026).

##### **International Christian Maritime Association ("ICMA")**

During 2018 the Society paid a subscription to ICMA of £8,325, a charity in which Stuart Rivers, CEO of Sailors' Society was a trustee up until his resignation as CEO in May 2019. At the balance sheet date ICMA was owed £nil (2018: £8,325).

##### **Naval & Military Bible Society**

In 2019 the Society used Christian literature supplied by Naval & Military Bible Society Ltd, a charity in which Stuart Rivers, the CEO of Sailors' Society is a trustee. The Society gave the charity donations of £nil (2018: £7,600) during the year up until his resignation as CEO equating to at least the cost of the material provided.

##### **Research project work**

In 2018 £4,998 was paid to an educational institution for research work in which the daughter of Dr Peter Swift, a trustee, had a pecuniary interest.

##### **Donations made to the Society**

During 2019 the value of donations made to the Society by an organisation where one individual within trustees and senior management had a commercial interest was £2,000 (2018: four individuals £274).

### 25. Unrecorded legacies

The following estimated amounts relate to legacies notified to the Society but not yet accounted for in the financial statements:-

	2019 £000's	2018 £000's
Residual legacies	-	33
Legacies subject to a life-tenant interest	35	58
	<hr/>	<hr/>
	<b>35</b>	<b>91</b>
	<hr/>	<hr/>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 26. Contingent liabilities

#### *a) Liability arising out of joint operations*

The Society has a contingent liability which could arise from some of its joint operations (detailed in note 24). In instances where the Society recognises such a potential liability, full provision has been made in the financial statements and is shown within creditors.

#### *b) Liability arising out of grant conditions*

Sir Gabriel Wood's Mariners' Home received the a grant of £50,400 from the Merchant Navy Welfare Board in 2016. This grant is repayable if the Home is disposed of within a five year period from the date the grant was made.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

### 27. Comparative data

2018 Statement of Financial Activities	Unrestricted Funds	Restricted Funds	Endowment Funds	Total
	£000's	£000's	£000's	£000's
<b>Income and endowments from:</b>				
<i>Donations and legacies</i>				
Donations and grants	1,003	220	-	1,223
Legacies	379	15	-	394
	<u>1,382</u>	<u>235</u>	<u>-</u>	<u>1,617</u>
<i>Charitable activities</i>				
Income from seafarers' centres and seafarers' retirement facility	80	-	-	80
Other programme related income	24	-	-	24
Residential home fees and flat rental income	-	1,005	-	1,005
	<u>104</u>	<u>1,005</u>	<u>-</u>	<u>1,109</u>
<i>Other trading activities</i>				
Charity Shop income	266	-	-	266
Fundraising events, sponsorship & commercial	302	-	-	302
	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
<i>Investment income</i>	332	18	-	350
<i>Other</i>	15	-	-	15
<b>Total</b>	<b>2,401</b>	<b>1,258</b>	<b>-</b>	<b>3,659</b>
<b>Expenditure on:</b>				
Raising funds	1,511	-	-	1,511
Charitable activities	3,140	1,581	66	4,787
<b>Total</b>	<b>4,651</b>	<b>1,581</b>	<b>66</b>	<b>6,298</b>
<b>Net expenditure before investment gains</b>	<b>(2,250)</b>	<b>(323)</b>	<b>(66)</b>	<b>(2,639)</b>
Losses on investment assets	(690)	(21)	(18)	(729)
<b>Net expenditure</b>	<b>(2,940)</b>	<b>(344)</b>	<b>(84)</b>	<b>(3,368)</b>
Extraordinary item	(775)	-	-	(775)
<b>Transfers between funds</b>	<b>-</b>	<b>(24)</b>	<b>24</b>	<b>-</b>
<b>Net movement in funds</b>	<b>(3,715)</b>	<b>(368)</b>	<b>(60)</b>	<b>(4,143)</b>
Fund balances brought forward	11,656	1,294	1,479	14,429
<b>Fund balances carried forward</b>	<b>7,941</b>	<b>926</b>	<b>1,419</b>	<b>10,286</b>

## Patrons

His Royal Highness The Duke of Edinburgh KG KT – Honorary President of International Sailors' Society, Canada

Captain Andrew Tyrrell                      deceased 16 February 2020

appointed 30 May 2019

Joshua Hutchinson was appointed on 3 January 2020.

Peter Swift

#### Development Committee

Peter Goldberg (Chair)  
Michael Drayton  
Alastair Fischbacher (from 23 August 2019,  
resigned 24 November 2019)  
Kay Penney  
Captain Jonathan Stoneley (resigned 30  
May 2019)  
Peter Swift  
Jacqueline Zalapa (from 23 August 2019)

#### Programme Committee

Jonathan Holloway (Chair) (resigned 11  
June 2019)  
Peter Swift (Chair) (from 23 August 2019)  
Catharine Bacon  
Alastair Fischbacher (from 22 May 2019,  
resigned 24 November 2019)  
Peter Goldberg  
Colin McMurray (resigned 8 February 2019)  
Jacqueline Zalapa (from 23 August 2019)

#### Nominations Committee

Alastair Fischbacher (Chair) (resigned 24  
November 2019)  
Peter Swift (Chair from 24 November 2019)  
Michael Drayton  
Peter Goldberg  
Jonathan Holloway (resigned 10 June 2019)  
Kay Penney (from 10 December 2019)

### Subsidiary entities

#### Sailors' Society Scotland Trustees

Alastair Fischbacher (Chair) (resigned 24  
November 2019)  
Sheriff John Herald (resigned 30 June 2019)  
Colin McMurray (resigned 8 February 2019)  
Michael Drayton (Chair from 25 November  
2019) (resigned 18 April 2020)  
Jaqueline Zalapa (appointed 10 July 2019)

Joshua Hutchinson and Peter Swift were  
appointed trustees on 27 February 2020  
and 27 April 2020 respectively



Sir Gabriel Wood's Mariners' Home Trustees	<p>Michael Drayton (Chair) (resigned 18 April 2020)</p> <p>Rodger Clark (resigned 18 February 2020)</p> <p>John Collings (resigned 26 June 2019)</p> <p>Alastair Fischbacher (resigned 24 November 2019)</p> <p>Sheriff John Herald (resigned 30 June 2019)</p> <p>Colin McMurray (resigned 8 February 2019)</p> <p>Stuart Rivers (resigned 7 May 2019)</p> <p>Prasanta Roy (appointed 1 June 2019, resigned 6 May 2020)</p> <p>Jonathan Stoneley (resigned 21 March 2019)</p> <p>Peter Swift (from 25 November 2019)</p> <p>Sandra Welch (appointed 1 September 2019, resigned 8 May 2020)</p> <p>Joshua Hutchinson became a trustee on 11 February 2020. Jennefer Tobin was appointed as a trustee on 5 May 2020. Sara Baade became a trustee on 8 September 2020</p>
Sailors' Beneficial Enterprises Ltd directors	<p>Peter Goldberg (Chair)</p> <p>Alastair Fischbacher (resigned 24 November 2019)</p> <p>Andrew Pitcher</p> <p>Stuart Rivers (resigned 7 May 2019)</p> <p>Adam Stacey (resigned 3 July 2019)</p> <p>Joshua Hutchinson was appointed as a director on 27 March 2020</p>
Sailors' Society Philippines Inc Trustees	<p>Stuart Rivers (chair) (resigned 7 May 2019)</p> <p>Jasper Del Rosario</p> <p>Gavin Lim (chair) (from 8 May 2019)</p> <p>Maria Rosaroso</p> <p>Iris Terana</p> <p>Nicodemus Tuban</p> <p>Sandra Welch (resigned 8 May 2020)</p>
Sailors' Society USA directors and officers	<p>Sandra Welch - President (resigned 8 May 2020)</p> <p>Andrew Pitcher – Treasurer</p> <p>Bijan Siaghatgar – Vice President</p> <p>Adam Stacey – Secretary (resigned 3 July 2019)</p>

## Individuals responsible for the International Sailors' Societies' charities residing and registered outside the UK

International Sailors' Society Canada	Kevin Obermeyer
International Sailors' Society New Zealand	Larry Robbins
International Sailors' Society Southern Africa	Barry Haley
Sailors' Welfare Association directors (India)	Darryl Braganza (resigned 24 April 2019) Samuel David Manoj Joy (appointed 16 April 2019) Jagatheesa Pandian (resigned 29 January 2019) Swamidas Pillai (resigned 16 April 2019) Johnson Samuel (resigned 12 February 2019)

## MANAGEMENT AND ADMINISTRATION

### Registered Office of Sailors' Society and its principal operational address

Seafarer House, 74 St Annes Road, Woolston, Southampton, Hampshire, England S019 9FF.

Sailors' Society is a charitable company limited by guarantee, registered in England and Wales, company registration no 86942, registered charity no 237778.

### Company secretary

Andrew Pitcher FCCA

### Senior Leadership Team

Stuart Rivers DMS, DipTh, FlinstSMM  
Prasanta Roy, FCMA, MBA

Andrew Pitcher FCCA  
Sandra Welch BTh, MIPD

Adam Stacey BTh

Melanie Warman

Chief Executive (resigned 7 May 2019)  
Director General (appointed 1 June 2019  
resigned 6 May 2020)  
Director of Finance and Administration  
Director of Programme and (from 1 June  
2019) Chief Operating Officer (resigned 8  
May 2020)  
Director of Development  
(resigned 3 July 2019)  
Director of Media and Advocacy

Prasanta Roy resigned from the Board of Trustees on 30 May 2019.

Sara Baade was appointed Chief Executive Officer on 8 September 2020.

**Auditors**

Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP

**Principal Bankers**

National Westminster Bank Plc, PO Box 309, Chandler's Ford, Eastleigh, Southampton, SO53 3UD

Bank of Scotland, Pentland House, 8 Lochside Avenue, Edinburgh, EH12 9DJ

**Investment Managers**

Investec Wealth and Investment Limited, 30 Gresham Street, London, EC2V 7QN

Cazenove Capital Management, 12 Moorgate, London, EC2R 6DA

**Solicitors**

Blake Morgan, New Kings Court, Tollgate, Chandler's Ford, Eastleigh SO53 3LG

Anderson Strathern LLP, 1 Rutland Court, Edinburgh EH3 8EY

Clyde & Co, Albany House, 58 Albany Street, Edinburgh, EH1 3QR