

# R. Tucker Thompson Sail Training Trust

## Annual Report 1<sup>st</sup> June 08 – 30 May 09



*The Good Ship*

R-TUCKER-THOMPSON

BAY of ISLANDS \* NEW ZEALAND

Postal: P O Box 42, Opuia 0241, Bay of Islands. Physical: R. Tucker Kiosk, Marsden Road, Paihia  
Phone: 09 402 8430, Fax: 09 402 8431, Freephone 0800 TUCKER (882 537), [www.tucker.co.nz](http://www.tucker.co.nz)



## Our Mission

The mission of the R. Tucker Thompson Sail Training Trust is:

### *Learning for Life through the Sea*

Through embracing the values of *Kaitiakitanga – GuardianShip*, we wish to:

- ★ Preserve the tradition of tall ship sailing and specifically the R. Tucker Thompson
- ★ Allow those who sail in her to learn more about who we are, where we come from and where we are going
- ★ Make a positive difference to the lives of those who come on board, whether for a day, a week or longer

## Our vision

Our vision is:

- ★ To maintain the ship in top condition to therefore preserve the tradition of tall ship sailing and marlinespike skills
- ★ To provide a variety of activities and opportunities to enable and inspire as many people as possible to share in the R. Tucker Thompson
- ★ To promote local employment and the vocational growth of our community
- ★ To optimise trading (commercial) results in order to foster and promote training results
- ★ That the R. Tucker Thompson will be an iconic product in the Bay Of Islands, New Zealand
- ★ To create a secure financial base from which to expand the influence of the R. Tucker Thompson



## Directory

### Trustees

Russell Harris  
Michael Simm  
Joachim Borgstrom  
Katherine Martin (resigned 19/6/09)  
John Duder  
Ian Milestone  
Bronwyn Hunt  
Mariao Hohaia  
Mike Daniel (appointed 19/6/09)

### Core Crew

Rachel Kennedy (Sales & Operations Mgr)  
Miranda Shackell (Youth Development Mgr)  
Sam Meldrum (Master)  
Christina Gayer (Master)  
Steve Mackay (Relief Master/Deckhand)  
Mark Williamson (Deckhand)  
Manton Ngawaka-Bauer (Deckhand)  
Adam Prendergast Deckhand  
Jane Hindle (Executive Trustee)

### Solicitors

Thompson Wilson  
Whangarei

### Accountants

Steve Bennett Associates Ltd  
Whangarei

### Auditors

PKF Poutsma Lemon  
Kerikeri

### Secretary

Steve Bennett  
Whangarei

Registered under the New Zealand Charities Act 2005

Registration CC22076

### Address

P O Box 42  
Opua 0241  
Northland

Web: <http://www.tucker.co.nz>



## Chairman's Report

Yet again, 2008-2009 year proved difficult for the R. Tucker Thompson Sail Training Trust. The economic meltdown had an inevitable effect on our tourism revenues and despite our new partnership with Fullers, these revenues still declined.

Unlike many charities, the Trust's financial model is to be as self-sustaining as possible. We have minimal administration costs, with the surpluses from our tourism activities being used to offset many of the fixed central costs. It is this that has enabled us to keep the 7-day youth voyage costs at realistic levels with a modest level of grants and donations making up the balance and to assist with the maintenance required to keep the ship in good condition. It has meant that 100% of donations made towards youth sail training voyages are only used for that purpose.

The World Financial Crisis however, caused the Trust's normal charitable funding sources to either decline or defer what would in normal circumstances have been successful applications for funding. As a new Trust, we have had insufficient longevity to build up reserves to cover us in these circumstances, making it difficult to weather the current situation.

Despite these difficult times, we have remained committed to our youth voyages. A particular focus this year was to ensure we emphasised the leadership development potential that these voyages offer – they are not only for young people at risk, but also for those who are already achieving by way of reward or to develop their leadership skills further. We also recognised that the R. Tucker Thompson was relatively unknown beyond the immediate Bay of Islands area and have now started to establish contacts outside the Far North. It will be important to grow the ship's reputation, as well as her operational footprint in the coming months so that when the economic recovery occurs, the Trust is well positioned to move forward.

There have been several changes regarding the Trustees Board this year. We have reluctantly accepted Kate Martin's resignation from the Board. She has been an extremely valued and enthusiastic Board

member and a very strong participant in all Tucker activities. Fortunately she has assured us that she will remain an active supporter of the Tucker and that we can always rely on her to assist in all Tucker ventures. We would like to thank her for all her energy and effort that she has contributed over the past three years.

Kate's resignation has allowed the Trustees to appoint Mike Daniel to the Board. His business and personal contacts make him an ideal candidate for leading the Tucker's Board of Trustees and he was confirmed as Chairman at our June 2009 meeting. As outgoing Chairman I offer him all my support and cooperation and am sure that he will be able to guide the Tucker Board of Trustees successfully through these difficult times.

Although funding agencies remained under severe pressure, we were very pleased to receive a grant of nearly \$17,000 from Pub Charity which enabled us to replace a number of sails. Although unsuccessful in any new applications, last year's commitment by ASB Community Trust enabled this year's maintenance to proceed. We are gradually restoring the ship back to top condition and we anticipate a further three more years of this major rolling refit, before this 5-year programme is complete.

We are particularly fortunate to have the support of a loyal crew who go over and above the call of duty to ensure everyone who comes on board the R. Tucker Thompson feels part of her extended family. Whether they experience a day sail, one of our adult educational voyages or a longer youth sail training voyage, inevitably their experience is memorable. We are all proud of what the ship stands for, what she has achieved to date and look forward to how she can continue to make a difference in people's lives in the future.

Thank you all for your continued support of the ship and the Trust.

**IAN MILESTONE**

*Chair*

# Operational Report

The 2008-2009 year proved yet again to be extremely challenging. We were still playing catch up from the previous year, but never recovered the lost ground. As a result, we ended this present financial year with no cash reserves in the bank to see us through winter, and as a glance at the Balance Sheet will confirm the Trust was effectively insolvent at the end of May 2009.

The Trust's model relies heavily on **commercial tourism** activities (mainly day sail trips in the Bay of Islands during summer) to fund the bulk of its operation.

Prior to the summer season we entered into a new partnership with Fullers Intercity to reinstate the R. Tucker Thompson into their product portfolio. It was hoped that the increased profile would lead to increased sales and additionally we could sub-let or sell the kiosk in Paihia, which has proved to be a financial burden.

Day sail numbers were slightly down (4%) from the previous year, while disappointing, it is likely that had we remained independent in the kiosk, we would have seen an even greater decline. We know that many tourism operators had a major downturn last season and our 4% drop was probably not too bad.

At the suggestion of Fullers, we introduced a new Late Afternoon Sail two evenings a week. Although the passenger numbers were disappointing it was a new product and we perhaps had unrealistic expectations. It did however showcase the ship in the Bay in the early evening making her far more visible. It also provided good additional spend for souvenir and bar sales as well as on board donations. It certainly was popular with those that booked and we believe we will see better results next year.

As signalled in last year's Annual Report, the lack of surplus from Day Sails would restrict the level of subsidised **Youth Sail Training Voyages** that we could offer.

This year, as in the 2006-07 year, we continued to offer the trips at a 66% subsidy for Northland families, asking for only a \$500 contribution from the family. This level of subsidy has proved unsustainable, and while we managed to reduce the shortfall by reducing the number of loss making trips,

from June 2009 we reluctantly increased the price for families to \$750, being 50% of the trip cost.

With limited resources, we continued to struggle to build awareness of these trips. To this end an application for funding a Youth Development Manager was lodged with the Ministry of Social Development. Unfortunately this was declined just before Christmas, but fulfilling this role remains a top priority.

We were however pleased to see a number of community organisations, particularly the Lions Clubs, recognising the potential that these trips offer in developing leadership skills. Whangarei and Okaihau Lions Clubs all supported their youngsters in this respect last year and we hope other groups will do likewise. Far North Holdings also signalled their intent to sponsor a voyage in the coming year, again targeting future leaders in Far North schools. We believe this will grow as the reputation of the Trust starts to become established within communities that have benefited from these trips.

Our Russell Kororareka Package, designed specifically for schools, is also growing in reputation. With this package we partner with a number of other not-for-profit organisations to offer schools an educational experience that is affordable and fun. Many schools are now coming back for repeat trips and the trip on the Tucker is a major highlight for many of these school children.

Our maintenance programme was given a significant boost, with two generous grants. Last year's grant of \$41,000 awarded by ASB Community Trust enabled us to remove the foremast and repair rot which if untreated would have deteriorated. Pub Charity also generously contributed \$16,924 towards new sails which were completed this summer. Some of the sails had been in place since the ship was launched in 1985 and were extremely tatty and patched.

Working with the crew, we made some major changes to our day sail crewing resulting in an excellent increase in productivity. It is pleasing to see that we are now able to offer our crew employment throughout the year, something that is the bane of the tourism industry here in



Northland. With the combination of Day Sails, Youth Development Voyages and adult educationally focused trips, the ship is now busy throughout the year and although not yet fully profitable, the framework is set to move forward after the economy improves.

### **The Year Ahead**

During May we were extremely fortunate to receive an offer from Mike Daniel, through his Wairahi Trust to underwrite any shortfall in funding for Youth Sail Training Voyages. This underwrite will enable us to weather the present financial storm, but more importantly provide the Trust with the necessary certainty to continue about its business. It will also enable us to address the urgent need for a youth development manager as mentioned previously. We have already identified a suitable candidate who has been working part time with us and in formalising this position, it will greatly improve our service delivery for all our youth trips.

With the Youth Development Manager in place, we will also have sufficient resource in the coming year to make develop relationships in the Whangarei and Kaipara Districts as well as free up capacity to focus more effort raising the profile of the Trust. This in turn will make it easier to attract funding from a variety of sources as well as increase the profile of our commercial products.

Despite the gloomy predictions, we do not anticipate the summer season being any worse than last year. Although we have seen a decline in our traditional UK and US markets, we anticipate an increase in the domestic tourism numbers as well as strong growth from Australia, particularly the Eastern seaboard, traditionally a core market for us.

We therefore remain optimistic that with the assistance of this underwrite, we will survive this financial crisis and be in a good financial position by this time next year.

**JANE HINDLE**

*Executive Trustee*

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### **Community Support**

We provided gift vouchers to the following community organisations to assist with fundraising:

|                          |        |                                |        |
|--------------------------|--------|--------------------------------|--------|
| ○ Tornado Youth Trust    | 180.00 | ○ Dargaville Nat Bank Cancer   | 240.00 |
| ○ St John's Charity Ball | 240.00 | ○ Pompallier College raffle    | 240.00 |
| ○ The Forget Me Nots     | 240.00 | ○ Hold da Boat youth challenge | 185.00 |
| ○ Okaihau School         | 180.00 | ○ Contrasts Northland          | 120.00 |

- ★ We delivered 4 youth trips with only partial funding
- ★ We contributed \$350 towards Project Island Song from our Eco Sail passengers
- ★ *Mates of the Tucker* contributed \$5,100 in grants for youth unable to afford the \$500 trip cost





## Bay of Islands Eco-Sail

We only ran one Bay of Islands Eco-Sail last year, but the passengers that went on the voyage had an incredible experience. We firmly believe that this is trip well worth preserving with, as it has



been set up specifically to assist another Charity, Guardians of the Bay of Islands with their ongoing costs in maintaining Project Island Song. It is essential that tourism operators in the Bay make a contribution to keep the Bay pristine for future generations. For each passenger that comes on an Eco-Sail, we have determined will make a \$100 financial contribution; \$30 to purchase a tee-shirt, the remaining \$70 as a donation to support ongoing pest management in the Eastern Bay of Islands. We hope that this model will set an example to other operators to figure ways how they might contribute as

well, as well as providing much needed funding, for the ongoing programme,.

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## Maintenance



The main focus of last year's maintenance was repairs to the main mast. This body of work entailed removal of all standing rigging, yard arms and finally removal of main mast by crane. Once this was completed, rot to the mast was removed and new wood sliced in. Finally, 13 coats of varnish were applied to protect the wood. In addition to this, we also carried out repairs and maintenance to bowsprit and whisper stays (nets that go around the bowsprit), sanding back to wood, repairing rot and a further 13 coats of varnish for protection. This picture shows the ship with just the aft mast, with the main mast and one yard arm on the wharf, protected from the weather

while varnish is being applied. This work was carried out thanks to a grant from ASB Community Trust allocated the previous year.

A grant this year from Pub Charity enabled us to replace a number of sails, which were in bad need of replacement. Shown in this picture is the brand new Course, the equivalent of a square sail spinnaker which is used below the two tops'ls. This particular sail had never been replaced and took a lot longer than expected to make due to the fact that the sail maker wanted to replace the original sail with canvas, rather than dacron (a bright white modern material which is in fact less durable). The result is a sail in keeping with the ship that will last for many years to come. The upper and lower tops'ls were also replaced at the same time, as well as the gibs (just visible in front of the course). Setting sails on a tall ship is just one of the teambuilding activities that take place on our Youth Development Voyages.



## Key Result Areas

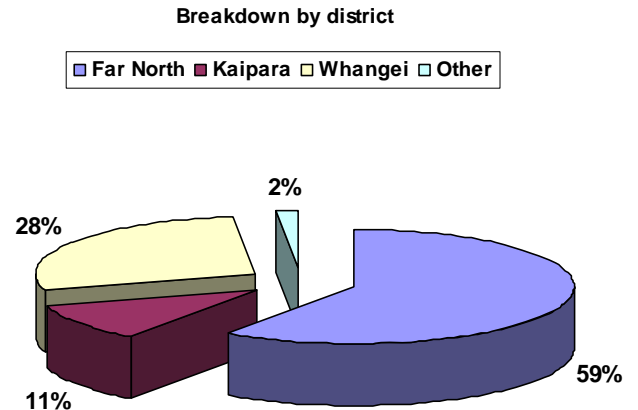
| Youth Trips & School Trips   | Comments  |
|--|---|
| Resource the youth development programme adequately by employing a Youth Development Officer   | Not achieved and disappointing due to the amount of effort put into the proposal to MSD.  |
| Run <b>10 x 7</b> -day youth trips   | Lack of funding resulted in only <b>6</b> trips being run   |
| Secure the necessary funding to run the trips.   | Financial market melt-down meant application to ASB Community Trust was shelved.  |
| Identify appropriate funding mechanisms that will assist us to fund the full amount for the delivery of sail training trips long term. | Wairahi Trust offered underwrite for next 12 months, providing the Trust with certainty while other avenues are pursued.                    |
| Run 14 half-day school trips; carry 500 passengers   | Carried <b>662</b> school children (589 last year) from <b>15</b> different school groups.  |
| <b>Day Sails</b>   |   |
| To negotiate arrangement with Fullers to the benefit of both organisations.  | Completed in time for 1 <sup>st</sup> November start date. Premises established in Maritime Building  |
| Launch evening sailing trip with Fullers   | Achieved, but lower numbers and higher costs meant that they proved less successful than hoped.   |
| Meet passenger numbers, bar sales and souvenir targets   | Not achieved – <b>2916</b> vs. target of <b>3227</b> due to economic downturn. Pull through souvenir and bar sales were therefore affected. |
| <b>Marketing</b>   |   |
| Develop framed picture/information for supporters of the Tucker  | Low cost option using our pre-printed sheets has been developed. Supplied to key supporters.  |
| Evaluate online marketing and track effectiveness  | Implemented Google Analytics, trialled Facebook advertising.  |
| Improve our online presence using Social Networking tools..  | Major upgrade of website to Web 2.0. Website GPR increased from 4 to 5. Facebook, Twitter & and our own social networking site established. |
| <b>Adult Educational Voyages</b>   |   |
| Run a minimum of two Historic Northland voyages next year  | Ran 3 voyages   |
| Promote the Eco-sails to the market and run 4 voyages  | Launched at TRENZ to wholesalers, but only 2 voyages run.   |
| <b>Maintenance &amp; Funding</b>   |   |
| Application to funding agencies for maintenance.   | Partial achievement. Pub Charity provided funding for new sail wardrobe, but economic climate meant other applications turned down.         |
| <b>General</b>   |   |
| Improve ICT systems to enable centralised storage and operations.  | Google Apps implemented for file sharing and Xero implemented for financial systems, Salesforce.com set up as a CRM system.                 |





## Youth Trip Statistics

| Town         | FNDC      | KDC      | Other    | WDC       | Total     |
|--------------|-----------|----------|----------|-----------|-----------|
| Auckland     |           |          | 1        |           | 1         |
| Bream Bay    |           |          |          | 1         | 1         |
| Dargaville   |           | 5        |          |           | 5         |
| Hikurangi    | 1         |          |          |           | 1         |
| Kaikohe      | 7         |          |          |           | 7         |
| Kaitaia      | 1         |          |          |           | 1         |
| Kamo         |           |          |          | 1         | 1         |
| Kawakawa     | 1         |          |          |           | 1         |
| Kerikeri     | 1         |          |          |           | 1         |
| Matatau      | 1         |          |          |           | 1         |
| Maungaturoto |           | 1        |          |           | 1         |
| Moerewa      | 5         |          |          |           | 5         |
| Okaihau      | 4         |          |          |           | 4         |
| Rawhiti      | 4         |          |          |           | 4         |
| Ruakaka      |           |          |          | 1         | 1         |
| Russell      | 2         |          |          |           | 2         |
| Waipu        |           |          |          | 2         | 2         |
| Waitangi     | 1         |          |          |           | 1         |
| Whangarei    |           |          |          | 11        | 11        |
| Mangonui     | 1         |          |          |           | 1         |
| Kerikeri     | 1         |          |          |           | 1         |
| Matauri Bay  | 1         |          |          |           | 1         |
| Opononi      | 2         |          |          |           | 2         |
| Kaero        | 1         |          |          |           | 1         |
| <b>Total</b> | <b>34</b> | <b>6</b> | <b>1</b> | <b>16</b> | <b>57</b> |



**Cost per child (GST exclusive)**

**\$1,350**

**Number of trips**

**6**

**Total cost**

**\$ 81,000**

### FUNDING

Funding from Child, Youth & Family

31,646

Wairahi Trust Donation

5,000

FNDC Eastern Community Board

2,000

FNDC Western Community Board

1,500

Funded through Mates Donations

2,612

Fundraising by Trust

1579

Contribution from families or communities

13,999

**Total contributions**

**\$58,736**

**Balance contributed by Trust**

**\$22,264**



## Financial Summary For the Year Ended 31 May 2009

|   | May-09                  | May-08                  |
|---|-------------------------|-------------------------|
| <b>Income</b>                             |                         |                         |
| Fares Day Sails & Evening Charters        | \$253,126               | \$278,683               |
| Fares Evening charter                     |                         |                         |
| Youth Trips                               | \$48,313                | \$43,605                |
| School trips                              | \$12,061                | \$6,837                 |
| Historic & Eco trips                      | \$35,013                | \$32,116                |
| Eco-Trips                                 |                         |                         |
| Income other (bar, souvenir, charters)    | \$32,036                | \$57,828                |
| <b>Total Income</b>                       | <u>\$380,549</u>        | <u>\$419,069</u>        |
| <b>Less Cost Of Sales</b>                 |                         |                         |
| Day Sail & Evening charter expenses       | \$181,480               | \$157,673               |
| Youth trip expenses                       | \$46,618                | \$64,220                |
| Expenses Historic & Eco trips             | \$11,218                | \$14,695.83             |
| Expenses other (souvenirs, bar, charters) | \$14,399                | \$16,184                |
| <b>Total Cost Of Sales</b>                | <u>\$253,714</u>        | <u>\$252,773</u>        |
| <b>GROSS PROFIT</b>                       | <b>\$126,835</b>        | <b>\$166,297</b>        |
| <b>Other Income</b>                       |                         |                         |
| Donation & Membership                     | \$12,416                | \$10,466                |
| Fundraising                               | \$1,579                 |                         |
| Grants                                    | \$61,425                | \$41,678                |
| Interest Received                         | \$389                   | \$1,801                 |
| <b>Total Other Income</b>                 | <u>\$75,809</u>         | <u>\$53,945</u>         |
| <b>TOTAL INCOME</b>                       | <u><u>\$202,644</u></u> | <u><u>\$220,242</u></u> |
| <b>LESS EXPENSES</b>                      |                         |                         |
| <b>Management &amp; Occupancy</b>         |                         |                         |
| Asset Purchases less than \$500           | \$676                   | 103                     |
| Design & Advertising                      | \$7,897                 | 19167                   |
| Meals                                     | \$43                    | 512                     |
| Motor Vehicle Expenses                    | \$253                   | 291                     |
| R & M - Schooner & Ancillary Plant        | \$52,340                | 41702                   |
| Staff Expenses                            | \$116                   | 31                      |
| Travel                                    | \$502                   | 651                     |
| Wages - R & M                             | \$6,975                 | 8574                    |
|   | <u>\$68,802</u>         | <u>\$71,031</u>         |



### Administrative

|                               |           |           |
|-------------------------------|-----------|-----------|
| Accountancy Fees              | \$3,547   | \$8,082   |
| AGM Costs                     | \$50      | 116       |
| Audit fees                    | \$6,301   | \$3,820   |
| Electricity                   | \$718     | -         |
| General Expenses              | \$1,338   | 2127      |
| Hireage of Plant & Equipment  | \$673     | \$617.00  |
| Internet                      | \$175     |           |
| Legal Fees                    | \$5,112   | -         |
| Postage, Telephone & Tolls    | \$6,073   | 8815      |
| Printing, Stamps & Stationery | \$787     | 1861      |
| Wages - Admin                 | \$0       | \$8,047   |
| Wages Executive Trustee       | \$29,687  | \$30,313  |
|                               | \$ 54,462 | \$ 63,797 |

### Financial & Standing Charges

|                            |          |          |
|----------------------------|----------|----------|
| Accident Compensation Levy | \$6,706  | \$5,455  |
| Bank Charges               | \$1,315  | \$1,385  |
| Insurance                  | \$7,955  | \$8,498  |
| Interest - Bank Overdraft  | \$568    | \$165    |
| Interest - Term Loan       | \$2,628  | \$4,503  |
| Licences & Fees            | \$3,969  | \$5,309  |
| Petty Cash                 | \$248    | -        |
| Rent                       | \$33,586 | \$37,051 |
|                            | \$56,976 | \$62,365 |

### TOTAL CASH EXPENSES

**\$180,240**      **\$197,193**

|  |         |          |
|--|---------|----------|
| Depreciation Expense - Development Expenditure | \$529   | \$661    |
| Depreciation Expense - Vessel                  | -       | \$17,376 |
| Depreciation Expense - Office Equipment        | \$142.0 | \$237    |
| Depreciation Expense - Plant & Equipment       | \$2,960 | \$3,797  |

### Depreciation

**\$3,631**      **\$22,071**

### TOTAL EXPENSES

**\$ 183,871**      **\$ 219,264**

### NET OPERATING SURPLUS / (DEFICIT)

**\$18,772**      **\$978**

### NON CASH ABNORMAL ITEMS

#### Revenue

|                                       |      |           |   |
|---------------------------------------|------|-----------|---|
|                                       | Note |           |   |
| Depreciation recovered on Revaluation | 1(b) | \$36,647  | - |
| Asset Revaluation                     | 1(b) | \$794,494 | - |
|                                       |      | \$831,141 |   |

#### Expense

|                        |      |           |
|------------------------|------|-----------|
| Impairment of Goodwill | 1(c) | \$509,059 |
|------------------------|------|-----------|

### NET PROFIT AFTER ABNORMAL ITEMS

**\$340,854**      **\$978**



## Statement of Movement in Equity For the Year Ended 31 May 2009

|                                   | Note |           | May-09              | May-08           |
|-----------------------------------|------|-----------|---------------------|------------------|
| <b>COMMENCING EQUITY</b>          |      |           | <b>\$46,452</b>     | <b>\$45,473</b>  |
| <b>Surplus and Revaluations</b>   |      |           |                     |                  |
| Net operating surplus / (deficit) |      |           | \$340,854           | \$979            |
| Total surplus and Revaluations    |      |           | <b>\$340,854</b>    | <b>\$979</b>     |
| Retained Earnings                 |      |           |                     |                  |
| <b>EQUITY AT END OF PERIOD</b>    |      |           | <b>\$387,306</b>    | <b>\$46,452</b>  |
| <br>                              |      |           |                     |                  |
| <b>CURRENT ASSETS</b>             |      |           |                     |                  |
| Accounts Receivable               |      | \$0.00    |                     | \$4,725          |
| GST Receivable                    |      | \$2,789   |                     | -                |
| Till Floats                       | 1(d) | \$800.00  |                     | \$800            |
| <b>Total Current Assets</b>       |      |           | <b>\$3,589</b>      | <b>\$5,525</b>   |
| <br>                              |      |           |                     |                  |
| <b>Bank</b>                       |      |           |                     |                  |
| Cheque Account                    |      | \$0       |                     | \$2,979          |
| Imprest Account Mates Donations   |      | \$6,244   |                     | \$6,129          |
| Savings account                   |      | \$25      |                     | \$21,720         |
| <b>Total Bank</b>                 |      |           | <b>\$6,270</b>      | <b>\$30,827</b>  |
| <br>                              |      |           |                     |                  |
| <b>Fixed Assets</b>               |      |           |                     |                  |
| Fixed Assets as per Schedule      | 5    | \$964,566 |                     | \$120,133        |
| <b>Total fixed Assets</b>         |      |           | <b>\$964,566</b>    | <b>\$120,133</b> |
| <br>                              |      |           |                     |                  |
| <b>Intangibles</b>                |      |           |                     |                  |
| Goodwill                          | 1(c) | -         |                     | \$509,059        |
| <b>Total intangibles</b>          |      |           | -                   | <b>\$509,059</b> |
| <br>                              |      |           |                     |                  |
| <b>Total Assets</b>               |      |           | <b>\$974,424.53</b> | <b>\$665,544</b> |
| <br>                              |      |           |                     |                  |
| <b>CURRENT LIABILITIES</b>        |      |           |                     |                  |
| Cheque Account                    |      | \$22,664  |                     | -                |
| Accounts Payable                  |      | \$14,626  |                     | \$17,262         |
| Accrued Expenses                  |      | \$14,523  |                     | \$5,414          |
| GST Payments                      | 1(d) | -         |                     | \$2,206          |
| Loan R. Harris                    | 3    | \$29,692  |                     | -                |
| <b>Total Current Liabilities</b>  |      |           | <b>\$81,505</b>     | <b>\$24,882</b>  |
| <br>                              |      |           |                     |                  |
| <b>Term Liabilities</b>           |      |           |                     |                  |
| Loan J & G Hindle                 | 3    | -         |                     | \$44,151         |
| Loan R Harris                     | 3    | \$505,614 |                     | \$550,060        |
| <b>Total Term Liabilities</b>     |      |           | <b>\$505,614</b>    | <b>\$594,211</b> |
| <br>                              |      |           |                     |                  |
| <b>TOTL LIABILITIES</b>           |      |           | <b>\$587,119</b>    | <b>\$619,093</b> |
| <br>                              |      |           |                     |                  |
| <b>NET ASSETS</b>                 |      |           | <b>\$387,306</b>    | <b>\$46,452</b>  |
| <br>                              |      |           |                     |                  |
| Represented by                    |      |           |                     |                  |
| <b>TRUSTEE FUNDS</b>              |      |           |                     |                  |
| Funds Settled                     |      |           | \$10                | \$10             |
| Retained Earnings                 |      |           | \$387,296           | \$46,442         |
| <b>Total Equity</b>               |      |           | <b>\$387,306</b>    | <b>\$46,452</b>  |



## Notes to the Financial Statements For the Year Ended 31 May 2009

### 1. Statement of Accounting Policies

R Tucker Thompson Sail Training Trust is a Charitable Trust. The R Tucker Thompson Sail Training Trust is not a reporting entity for the purposes of the Financial reporting Act 1993. The Financial Report has been prepared as "Special Purpose" report in accordance with express instructions provided. Special Purpose reports do not necessarily comply with the Financial Reporting Order 1994, the Financial Reporting Act 1993 and Generally Accepted Accounting Practice.

The measurement base adopted is that of historical cost except for the Transport Class of fixed assets and goodwill which are stated at fair value. Accrual accounting is used to match expenses and revenue. Reliance is placed on the fact that the Trust is a going concern.

#### 1 (a) Changes in Accounting Policies

In 2009 the Trustees elected to revalue the sailing vessel to a fair value and to cease depreciating the class of asset known as the Transport. In previous years the assets were recorded at historical cost and depreciated at rates permitted by the IRD.

In 2009 for the first time the Trust assessed goodwill for impairment.

There have been no other changes in Accounting Policies. All other policies have been applied on bases consistent with those used in previous years.

#### (b) Fixed Assets & Depreciation

The entity has the following classes of fixed assets:

|                         |             |
|-------------------------|-------------|
| Development expenditure | 20% DV      |
| Office Equipment        | 40% DV      |
| Plant & Equipment       | 25 – 36% DV |
| Vessel                  | 12 – 30% DV |

The above fixed assets are recorded at cost less accumulated depreciation. Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax act 2007. No depreciation has been charged this year on the Vessel class of fixed due to the recovery of depreciation resulting from the revaluation at the 21 May 2009.

#### 1 (c) Goodwill

Goodwill last year was included on the basis of historical cost at the date of acquisition.

The carrying amount of goodwill was reviewed by the Trustees at 31st May 2009 to determine whether there was any indication of impairment. If any such indication exists the recoverable amount of impairment is estimated. The estimated recoverable amount of goodwill was based on the ability to generate cash inflows from business operations.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Profit and Loss Account.

Any impairment loss in respect of goodwill is not reversed.





1 (d) Goods & Services Tax

The Statement of Financial Performance and Statement of Cash flows (where included) have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of Accounts Receivable and Accounts Payable.

1 (e) Income Tax

All income derived by the Trust is exempt from income tax in terms of Section CW35 of the Income Act 2004.

1 (f) Accounts Receivable

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

2. Contingent Liabilities

At the balance date there are no known contingent liabilities. R. Tucker Thompson Sail Training Trust has not granted any securities in respect of liabilities payable by any other party whatsoever. (2008: Nil)

3. Term Loans

|                                | <b><u>2009</u></b>    | <b><u>2008</u></b>      |
|--------------------------------|-----------------------|-------------------------|
| (a) Loan - GJ & JH Hindle      | 0                     | 44,151                  |
| (b) Loan - R Harris            | 535,306               | 550,060                 |
| <b><u>TOTAL TERM LOANS</u></b> | <b><u>535,306</u></b> | <b><u>594,221</u></b>   |
| <b>Repayable as follows:</b>   |                       |                         |
| Current portion                | 29,692                | -                       |
| Term Portion                   | <u>505,614</u>        | <u>594,211</u>          |
|                                | <b><u>535,306</u></b> | <b><u>\$594,211</u></b> |

3 (a) Advance from G & J Hindle was unsecured and has been transferred to R Harris as of 31 May 2009

3 (b) Advance from R Harris is secured over an equitable interest registered on the vessel 'R Tucker Thompson'

4. Related Party Transactions

Russell Harris has each made interest free on demand advance to the Trust. Refer Note 3. Interest on Jane Hindle's Loan was charged at current ASB market rates.

The following expenses were paid to officers of the Trust and their associated entities at Market value:

|                                   |          |         |
|-----------------------------------|----------|---------|
| <u>Jane Hindle</u>                |          |         |
| Consultancy Fees to Graphite Ltd- | \$29,687 | 30,313  |
| <u>Steve Bennett</u>              |          |         |
| Accountancy Fees                  | \$4,832  | \$8,082 |

There were no other related party transactions and no other debts have been written off or forgiven.



## 5. Fixed Assets

The entity has the following fixed assets recorded

|                                       | May-09           | May-08           |
|---------------------------------------|------------------|------------------|
| <b><u>Development Expenditure</u></b> |                  |                  |
| At cost                               | \$4,132          | \$4,132          |
| Less Accumulated Depreciation         | -\$2,016         | -\$1,487         |
| <b>Total Development Expenditure</b>  | <b>\$2,116</b>   | <b>\$2,645</b>   |
| <b>Office Equipment</b>               |                  |                  |
| At cost                               | \$987            | \$987            |
| Less Accumulated Depreciation         | -\$774           | -\$632           |
| <b>Total Office Equipment</b>         | <b>\$213</b>     | <b>\$355</b>     |
| <b>Plant &amp; Equipment</b>          |                  |                  |
| At cost                               | \$24,005         | \$24,005         |
| Less Accumulated Depreciation         | -\$11,768        | -\$8,808         |
| <b>Total Plant &amp; Equipment</b>    | <b>\$12,237</b>  | <b>\$15,197</b>  |
| <b>Vessel</b>                         |                  |                  |
| At cost/revaluation                   | \$950,000        | \$130,085        |
| Less Accumulated Depreciation         | -                | -\$36,647        |
| <b>Total Vessel</b>                   | <b>\$950,000</b> | <b>\$93,438</b>  |
| <b>TOTAL FIXED ASSETS</b>             | <b>\$964,566</b> | <b>\$111,635</b> |

The class of fixed assets known as Vessel was revalued on 21st May 2009 by Jason Bronsnahan and Bruce Leggatt of the Gulf Group Marine Brokers Limited. The market value was estimated at \$950,000, however, the value did not constitute a survey and was provided on the specifications and inventory provided by the Trust in addition to assurances that all equipment is operational in accordance with manufacturers' recommendations and guidelines.

## 6. Capital Commitments

There were no Capital Commitments at year end (2008: Nil)

## 7. Events Occurring After Balance Date



As from the 1<sup>st</sup> July 2009 the R Tucker Thompson Sail Training Trust received a letter from an unrelated benefactor to underwrite any shortfall up to \$100,000 for the period to 31<sup>st</sup> March 2010. This arrangement is subject to ongoing annual review thereafter.

There were no other events occurring after balance date which require further disclosure in these financial statements.



## Trustee Profiles

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|   |   |  |
|---|---|--|
| Kim Borgstrom, CLM  |    | New Zealand and Australia Commercial Master for both sail and power vessels. Has more than 70,000 miles of ocean watch keeping experience under sail on ships including Bounty, Soren Larsen and the Rainbow Warrior and the R. Tucker Thompson. Owns and operates a successful small tourism/sailing/adventure tourism business based in the Bay of Islands. Resident in Opua.  |
| John N Duder<br>BE Civil,<br>FIPENZ,<br>AMICE(UK)<br>ONZM, JP |    | Yachtsman, civil consulting engineer, former company director. Extensive sail training experience both on the water and as a Trustee Spirit of Adventure 1975-2006. Resident of Devonport, North Shore City serving a term on the Devonport Community Board as elected member.   |
| Russell Harris,<br>NZCM<br>hometrade<br>endorsement           |   | Farmer, crop sprayer, ship and aircraft builder and original builder, owner and master of the R. Tucker Thompson. Holds Coastal Master's certification, sailing the R. Tucker Thompson around the world and circumnavigation of the Pacific.   |
| Marios Hohaia   |  | Graduate Diploma in Applied Arts/Drama and currently studying for a degree in Maori studies and a diploma in social work. Experience working with young people from a variety of ethnic backgrounds including drama in education initiatives for at risk young people both in New Zealand and UK.  |
| Bronwyn Hunt  |  | Recently appointed with Te Runanga o Te Rarawa, Principal Advisor, Strategy and Policy responsible for Treaty Settlement, environment matters, iwi strategic plans. Previously Services Manager, District Facilities with Far North District Council. Member of Mid North Lions, BOI Hundertwasser Trust, Board member with Bay of Islands College, Board member for Te Roopu Whakahau   |
| Mike W Daniel<br>B.Com.Ec.                                    |  | Former stockbroker and merchant banker he has held Directorships with the following organisations: GSB Supply Corp Ltd, Force Corporation Ltd, Northland Health Ltd, Northpower Limited, SKYCITY Leisure Limited, Elders Norstock Limited (Chairman) and Northland Port Corporation Limited (Chairman) He is presently a Director of Airwork NZ Limited and Pan Pacific Petroleum NZ Limited. He also a keen surfer and enjoys golf.                 |
| Ian Milestone<br>MA   |  | Teacher, builder and project manager, having undertaken a number projects including three terms in Afghanistan. Sailed round the world on board the R. Tucker Thompson as well as throughout the Pacific. Presently studying viticulture and planting his vineyard in Mangawhai.   |
| Michael Simm<br>BCA,ACA                                       |  | Experienced company director with background in general and financial management in the Bay of Islands, Auckland & Brisbane in tourism, engineering and contracting sectors. Chairman of Brightwater Group, deputy chair of Top Energy and Jasons Travel Media. Former part- owner and executive director Fullers Bay of Islands, and member of Board of Tourism NZ. Consults on corporate governance, strategic planning and management turnarounds |

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