

COMPANY NUMBER: 404951
CHARITY NUMBER: 306141

**THE SEA CADET ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2004

Horwath Clark Whitehill

Horwath Clark Whitehill
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**THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 2004**

DIRECTORS

All the Directors are also Trustees of The Sea Cadet Association. The Directors during the period were:

Vice Admiral Sir Jonathan Tod KCB CBE [^]	(Chairman)
P T Swan OBE FCA ⁺ [^] <	(Vice Chairman)
Sir Christopher Benson FRICS	
Colonel P Cautley CMG DL	
F M Everard CBE BA DSc +	
A F Given [^]	(appointed 4 September 2003)
P R Harris OBE ⁺ [^] #	
Captain J C L T Lee OBE KStJ JP DL [*] >#	
Vice Admiral Sir Neville Purvis KCB#	
A Simonds-Gooding	(resigned 21 November 2003)
P L M Stewart MBE	
Miss J M Watson JP#	

- * Member of the Finance Committee
- + Member of the Remuneration Committee
- [^] Member of the Audit Committee
- # Member of the Development Committee
- < Member of the Offshore Development Committee
- > Member of the Onshore Development Committee

EXECUTIVE MANAGEMENT

Chief Executive:	M J Cornish
Director of Finance & Company Secretary:	T A J MacGibbon FCA

ADVISERS

Auditors:	Horwath Clark Whitehill 25 New Street Square London EC4A 3LN
Bankers:	National Westminster Bank plc 250 Regent Street London W1A 4RY
Investment Advisers:	Dresdner R C M Global Investors UK Limited 10 Fenchurch Street London EC3M 3LB
Solicitors:	Forsters 67 Grosvenor Street London W1X 9DB Eversheds Senator House Queen Victoria Street London EC4V 4JL
Insurance Brokers & Pension Advisers:	Heath Lambert Limited Friary Court Crutched Friars London EC3P 2NP
Registered Address:	202 Lambeth Road London SE1 7JF

THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 2004

The Directors present their report and the accounts for the year ended 31 March 2004.

OBJECTS

The Association's objects are the furtherance of education through the organisation, promotion, fostering and support of the continuing development either by itself, or with others, of the Sea Cadet Corps in the United Kingdom and elsewhere as shall seem appropriate to the Association from time to time.

MANAGEMENT

The Association is governed by a Board of honorary non-executive Trustee-Directors, who delegate the day-to-day management to the chief executive and his team. Individual members of the board of directors chair the following subcommittees of the main Board:

- The Finance Committee
- The Development (Fundraising) Committee
- The Offshore Development Committee
- The Onshore (Training Schools) Committee
- The Audit Committee
- The Remuneration Committee

REVIEW OF ACTIVITIES

The accounts reflect the continuing financial assistance provided by the Ministry of Defence (MOD) to the Association in respect of its services to the Corps. In addition the MOD provides direct support to the Corps in the form of training, staff, accommodation, vessels, equipment and supplies. We are most grateful for this support, which together with Sea Cadet Association (SCA) contributions has ensured that a wide range of activities for cadets has been provided at basic cost. Details of these activities are set out in the annual report.

RESULTS

The net outgoing resources for the year were £(201,918) (2003: surplus £389,442) before unrealised gains on investments of £195,782 (2003: losses £(352,701)) as explained in notes 1(f) and 10 to the accounts. The main contributory factors to the downturn of £591,348 in the operating results in the year ended 31 March 2004 were as follows:

	£000
Payroll cost increases	175
Provision for non-receipt of VAT recoverable pending resolution of dispute with HM Customs & Excise	110
Onshore schools – exceptional maintenance costs	70
Offshore operating costs – mainly yearly fluctuation in Winter refitting and costs of TS John Jerwood's first Winter	50
Promotional and Marketing Costs:	
Increased investment in promotional events	50
New promotional brochures – production costs	50
	100
Grants and Support to Units:	
Phasing of expenditure	60
Other items	26
	86
Net down-turn compared with 2002/3	591

**THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2004**

FUNDRAISING

Following the Trustees' review in 2002/3 of the Association's fundraising operations they appointed a new development and fundraising team to raise the public profile of the Association and generate sufficient funds to secure the long-term viability of the Association.

The new team has had considerable success in raising the Association's public profile and the Ministry of Defence has been able to make very significant funds available by way of supplementary grants both in 2002/3 and 2003/4.

Consequently the financial viability of the Association has been secured at least for the short to medium term, which should allow time for the fundraising efforts of the new development team to bear fruit.

RESERVES

As at 31 March 2004, free reserves stood at £993,391 (2003 £913,046) made up of investments of £1,420,214 (2003: £1,224,432) less net current liabilities of £426,823 (2003: £311,386) as detailed in note 13. After assessing the financial risks facing the Association, the Trustees have determined that an appropriate level of free reserves would be £2m, excluding any funds needed for the replacement of vessels.

The trustees have set fundraising and operating targets for the current year, which, if achieved, should generate significant cash surpluses and help to build free reserves to the required levels.

FUNDS

The assets held by the Association are sufficient to fulfil the obligations of each of its funds.

RISK MANAGEMENT

The Trustees are responsible for management of the risks faced by the Association, assisted by senior staff. Risks have been identified, assessed and controls established. A formal review of risk management processes is undertaken on a regular basis. The key controls used are:

- Formal and periodic review by the Trustees
- Comprehensive strategic planning, budgeting and management accounting
- Formal organisational and governance structure and lines of reporting
- Formal written policies
- Hierarchical authorisation and approval levels

The Trustees are satisfied that major risks identified are adequately mitigated. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are adequately managed.

INVESTMENT POLICY

The Trustees' policy is to invest in UK equities and gilts with the aim of achieving a balance between capital growth and income. The portfolio is managed for the Trustees by Dresdner RCM Global Investors UK Ltd. Its performance is measured against the benchmark of the WM Charities Total Return Index. The portfolio achieved an unrealised rolling return of 18.9% for the year compared with the return of 22.9% shown by the WM Return Index.

**THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2004**

CONSTITUTION

The Sea Cadet Association is a company limited by guarantee, and is governed by the Memorandum and Articles of Association dated 10 January 1946 as amended on 27 January 1995.

Company Number: 404951
Charity Number: 306141

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the Company's state of affairs at the end of the year and of its profit or loss for the period. In preparing those accounts the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

AUDITORS

A resolution to appoint Horwath Clark Whitehill LLP will be tabled at the Annual General Meeting.

On behalf of the Board



Trustee and Director

28 July 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SEA CADET ASSOCIATION

We have audited the financial statements of the Sea Cadet Association for the year ended 31 March 2004, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

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

Basis of opinion

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

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

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 2004 and of its incoming resources and application of resources, including the income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill
Chartered Accountants and Registered Auditors

25 New Street Square
London
EC4A 3LN

THE SEA CADET ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2004

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2004 Total £	2003 Total £
RESOURCES ARISING						
Donations, Legacies and Other Income						
Fundraising, subscriptions and sundry income	2	315,019	-	-	315,019	319,638
King George's Fund for Sailors grant		-	52,500	-	52,500	60,000
Trinity Homes & Mariners grant		-	80,000	-	80,000	70,000
Bob Allen Trust grant		-	-	-	-	93,051
Dulverton Trust		-	25,000	-	25,000	-
D Group appeal		-	8,584	-	8,584	-
Royalist appeal		-	-	-	-	4,250
		<u>315,019</u>	<u>166,084</u>	<u>-</u>	<u>481,103</u>	<u>546,939</u>
Activities Generating Funds in Support of the Association's Aims						
Ministry of Defence grants		160,000	4,735,957	-	4,895,957	4,653,727
Offshore income		241,160	-	-	241,160	222,416
Areas income		187,534	-	-	187,534	300,081
Branches, boat stations & training Schools income		404,258	-	-	404,258	362,681
		<u>992,952</u>	<u>4,735,957</u>	<u>-</u>	<u>5,728,909</u>	<u>5,538,905</u>
Investment income		60,766	-	-	60,766	51,968
TOTAL INCOMING RESOURCES		<u>1,368,737</u>	<u>4,902,041</u>	<u>-</u>	<u>6,270,778</u>	<u>6,137,812</u>
RESOURCES EXPENDED						
Cost of Generating Funds						
Cost of events		144,946	-	-	144,946	24,696
Other fundraising costs	3	329,596	-	-	329,596	258,066
Total Cost of Generating Funds		<u>474,542</u>	<u>-</u>	<u>-</u>	<u>474,542</u>	<u>282,762</u>
Charitable Expenditure						
Sea Cadet training activities	4	726,358	4,141,464	-	4,867,822	4,540,634
Promotion of Sea Cadets Activity	5	47,216	84,443	-	131,659	94,188
Support costs	6	249,477	657,136	-	906,613	740,009
Management and administration	7	81,646	10,414	-	92,060	90,777
TOTAL RESOURCES EXPENDED		<u>1,579,239</u>	<u>4,893,457</u>	<u>-</u>	<u>6,472,696</u>	<u>5,748,370</u>
Net (outgoing)/ incoming resources for the year		<u>(210,502)</u>	<u>8,584</u>		<u>(201,918)</u>	<u>389,442</u>
Transfers between funds	13	83,869	(83,869)	-	-	-
		<u>(126,633)</u>	<u>(75,285)</u>	<u>-</u>	<u>(201,918)</u>	<u>389,442</u>
Investment gains/ losses	10	195,782	-	-	195,782	(352,701)
NET MOVEMENT IN RESERVES		<u>69,149</u>	<u>(75,285)</u>	<u>-</u>	<u>(6,136)</u>	<u>36,741</u>
BALANCES AT 1 APRIL 2003		<u>1,346,013</u>	<u>1,359,752</u>	<u>14,430</u>	<u>2,720,195</u>	<u>2,683,454</u>
BALANCES AT 31 MARCH 2004		<u>1,415,162</u>	<u>1,284,467</u>	<u>14,430</u>	<u>2,714,059</u>	<u>2,720,195</u>

The notes on pages 10 to 15 form an integral part of these accounts.

THE SEA CADET ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2004

INCOME AND EXPENDITURE ACCOUNT

	2004 £	2003 £
Total Income	6,270,778	6,137,812
Total Expenditure	<u>6,472,696</u>	<u>5,748,370</u>
Net (expenditure)/ income for the year	<u>(201,918)</u>	<u>389,442</u>

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 6, which together with the notes to the accounts on pages 10 to 15, provides full information on the movements during the period on all the funds of the Association.

The notes on pages 10 to 15 form an integral part of these accounts.

THE SEA CADET ASSOCIATION
BALANCE SHEET
31 MARCH 2004

	Notes	£	2004 £	2003 £
FIXED ASSETS				
Tangible assets	9		1,720,668	1,807,149
Investments	10		<u>1,420,214</u>	<u>1,224,432</u>
			3,140,882	3,031,581
CURRENT ASSETS				
Stocks		35,692		56,792
Debtors	11	150,787		198,368
Cash at bank and in hand		<u>63,297</u>		<u>831,512</u>
		249,776		1,086,672
CREDITORS: amounts falling due within one year	12	<u>(676,599)</u>		<u>(1,398,058)</u>
NET CURRENT LIABILITIES			<u>(426,823)</u>	<u>(311,386)</u>
			<u>2,714,059</u>	<u>2,720,195</u>
RESERVES				
Unrestricted Funds	13 & 14		1,415,162	1,346,013
Restricted Funds	13 & 14		1,284,467	1,359,752
Endowment Funds	15		<u>14,430</u>	<u>14,430</u>
			<u>2,714,059</u>	<u>2,720,195</u>

Approved by the Trustees and Directors on 28 July 2004
and signed on their behalf:


Trustee and Director

The notes on pages 10 to 15 form an integral part of these accounts.

THE SEA CADET ASSOCIATION
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2004

	2004 £	2003 £
Net cash outflow from charitable activities	(691,597)	608,048
Returns on investment and servicing of finance		
Investment Income	60,766	51,968
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(137,384)	(181,505)
	<u>(768,215)</u>	<u>478,511</u>
(Decrease)/ increase in cash at bank and in hand		

NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of net outgoing resources to net cash outflow from charitable activities

	2004 £	2003 £
Net (outgoing)/ incoming resources	(201,918)	389,442
Depreciation	223,865	209,538
Decrease/ (increase) in stocks	21,100	3,858
Decrease/ (increase) in debtors	47,581	(13,506)
(Decrease)/ increase in creditors and accruals	(721,459)	70,684
Investment income	(60,766)	(51,968)
	<u>(691,597)</u>	<u>608,048</u>

(b) Analysis of change in cash at bank and in hand

	2004 £	2003 £
Cash at bank and in hand 1 April 2003	831,512	353,001
Net cash inflow/ (outflow)	<u>(768,215)</u>	<u>478,511</u>
Cash at bank and in hand 31 March 2004	<u>63,297</u>	<u>831,512</u>

The notes on pages 10 to 15 form an integral part of these accounts

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Companies Act 1985, Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000), applicable accounting standards and the governing document.

b) Donations, legacies and other income

Donations, legacies and grants receivable are accounted for as soon as their amount and receipt are reasonably certain. In the case of unsolicited donations this is usually only when they are received, while fundraising results are accounted for when the commitment is made by the donor, subject to fulfilment.

c) Resources expended

Allocation of Costs

(1) Cost of generating funds:

The cost of generating funds comprises costs associated with raising funds from all sources and includes fundraising costs and costs of events.

(2) Charitable expenditure:

Sea Cadet training activities - includes all expenditure made by the Association in direct pursuit of its charitable objectives. This includes all its training and support work.

Support costs - expenditure incurred in providing administrative and financial services in support of the charitable expenditure above.

Management and administration - costs of the central management including constitutional and governance matters.

d) Pension costs

Pension contributions are made to a defined contribution pension scheme and are written off to the Statement of Financial Activities as they are incurred.

e) Fixed Assets

Capital items with a value over £2,500 are treated as fixed assets. Depreciation is provided on all fixed assets to write off the cost of these assets over their expected useful life. This results in the following depreciation rates: -

Training ships	- 5% straight-line basis
Yachts	- 10% straight-line basis
Motor vehicles	- 25% straight-line basis
Office furniture and equipment	- 25% straight-line basis
Computer equipment	- 25% straight-line basis
Leasehold	- 10% straight-line basis

f) Investments

Investments are included in the Balance Sheet at market value. Realised investment gains and losses represent the difference between the market value of the investments at the beginning of the period, or the cost if purchased during the period, and the sale proceeds.

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES (CONTINUED)

g) Stocks

Stock is valued at the lower of cost, including irrecoverable VAT, and market value.

h) Endowment and Restricted Funds

These funds represent gifts or grants, which can only be applied for a purpose specified by the donor or grantor. These amounts are carried forward as deferred income where there is a restriction on when monies can be spent. Permanent endowed funds are those where the donor has specified that the capital of the gift cannot be expended and that only the income arising from the capital may be used for the specified purpose.

2. FUNDRAISING, SUBSCRIPTIONS AND SUNDRY INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2003 Total £	2002 Total £
Subscriptions	51,485	-	-	51,485	61,385
Appeal income:					
General	44,162	-	-	44,162	105,983
Legacies	50,542	-	-	50,542	19,605
Special Events	147,945	-	-	147,945	66,096
Training manuals and courses	20,885	-	-	20,885	66,569
	<u>315,019</u>	<u>-</u>	<u>-</u>	<u>315,019</u>	<u>319,638</u>
3. FUNDRAISING EXPENDITURE					
Staff costs	224,221	-	-	224,221	210,837
Other costs	105,375	-	-	105,375	47,229
	<u>329,596</u>	<u>-</u>	<u>-</u>	<u>329,596</u>	<u>258,066</u>
4. CHARITABLE EXPENDITURE					
Staff costs	97,157	2,927,943	-	3,025,100	2,911,414
Grants and support to units	288,076	481,260	-	769,336	708,278
Offshore running costs	12,555	231,407	-	243,962	195,834
Onshore schools running costs	114,622	335,637	-	450,259	380,724
Depreciation	173,737	960	-	174,697	153,022
Other costs	40,211	164,257	-	204,468	191,362
	<u>726,358</u>	<u>4,141,464</u>	<u>-</u>	<u>4,867,822</u>	<u>4,540,634</u>
5. PROMOTION OF SEA CADET ACTIVITIES					
Staff costs	-	32,457	-	32,457	31,327
Events	34,292	-	-	34,292	7,936
Other costs	12,924	51,986	-	64,910	54,925
	<u>47,216</u>	<u>84,443</u>	<u>-</u>	<u>131,659</u>	<u>94,188</u>

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2004

6. SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	2004 Total £	2003 Total £
Staff costs	120,491	211,735	332,226	284,159
Rent & services	70,238	98,140	168,378	109,086
Finance costs	6,942	156,018	162,960	71,834
Computer costs	23,942	91,110	115,052	97,547
Depreciation	4,294	22,753	27,047	34,395
Other costs	23,570	77,380	100,950	142,988
	<u>249,477</u>	<u>657,136</u>	<u>906,613</u>	<u>740,009</u>

7. MANAGEMENT AND ADMINISTRATION

	Unrestricted Funds £	Restricted Funds £	2004 Total £	2003 Total £
Staff costs	5,115	10,414	15,529	18,120
Payment to Auditors - audit fees	15,000	-	15,000	16,000
- other services				-
Legal and professional	26,302	-	26,302	18,968
Other costs	35,229	-	35,229	37,689
	<u>81,646</u>	<u>10,414</u>	<u>92,060</u>	<u>90,777</u>

8. STAFF COSTS

	2004 £	2003 £
Wages and salaries	3,096,979	2,977,895
Social security costs	300,175	253,293
Pension fund contributions	183,929	174,483
Health insurance	48,447	50,186
	<u>3,629,530</u>	<u>3,455,857</u>

The average weekly number of employees was:

Administration – headquarters	28	24
Training administration	21	23
Areas	31	33
Instructors	94	99
	<u>174</u>	<u>179</u>

The directors did not receive any remuneration from the company during the period but are reimbursed for an element of long distance travel. Six directors claimed travelling and subsistence expenses totalling £8,581.

Three employees earned between £50,000 and £60,000. The Association contributed £15,805 towards their pensions.

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2004

9. TANGIBLE FIXED ASSETS

	Boats Under Construction £	Short Leasehold £	Sail Training Ship & Boats £	Fixtures Fittings Equipment And Computers £	Motor Vehicles £	Total £
Cost						
1 April 2003	186,194	62,000	2,563,389	390,474	207,112	3,409,169
Additions	1,165	-	41,819	21,853	72,547	137,384
Disposals	-	-	-	-	(28,585)	(28,585)
Transferred	(156,269)	-	156,269	-	-	-
31 March 2004	31,090	62,000	2,761,477	412,327	251,074	3,517,968
Depreciation						
1 April 2003	-	57,500	1,046,778	341,170	156,572	1,602,020
Provision	-	1,200	126,524	40,664	55,477	223,865
Disposals	-	-	-	-	(28,585)	(28,585)
31 March 2004	-	58,700	1,173,302	381,834	183,464	1,797,300
Net book value						
31 March 2004	31,090	3,300	1,588,175	30,493	67,610	1,720,668
<i>31 March 2003</i>	<i>186,194</i>	<i>4,500</i>	<i>1,516,611</i>	<i>49,304</i>	<i>50,540</i>	<i>1,807,149</i>

10. INVESTMENTS

	2004 £	2003 £
OTHER		
Listed investments at market value	1,418,583	1,222,946
Cash deposits and balances with portfolio manager allocated For investment	<u>1,631</u>	<u>1,486</u>
TOTAL INVESTMENTS	<u>1,420,214</u>	<u>1,224,432</u>
Market value at 1 April 2003	1,224,432	
Unrealised gains in year on investments held at year end	<u>195,782</u>	
Market value at 31 March 2004	<u>1,420,214</u>	

All investments are held in the UK. The two principal investments are Dresdner RCM Chariguard Equity Units (£1,000,508) and the Chariguard Fixed Interest Fund (£419,706). There were no other investments representing 5% or greater of the portfolio value.

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2004

11. DEBTORS	2004 £	2003 £
Trade debtors	16,244	52,202
Other taxation and social security	20,905	11,916
Other debtors	97,106	96,783
Prepayments and accrued income	16,532	37,467
	<u>150,787</u>	<u>198,368</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	373,531	143,235
Other taxes and social security	85,154	77,483
Other creditors	213,875	236,000
Accruals and deferred income	4,039	941,340
	<u>676,599</u>	<u>1,398,058</u>

13. RESTRICTED FUNDS

	Balance at 1 April 2003 £	Resources Arising £	Movement of Funds Resources Used £	Transfers £	Balance at 31 March 2004 £
Training Support Grant	-	4,735,957	(4,735,957)	-	-
Bob Allen Bequest	180,856	-	-	(15,998)	164,858
First aid training fund	22,000	-	-	-	22,000
D Group	-	8,584	-	-	8,584
Trinity Homes and Mariners' Charity	-	80,000	(80,000)	-	-
King Georges Fund for Sailors	1,067	52,500	(52,500)	-	1,067
Jerwood Bequest	1,155,829	-	-	(67,871)	1,087,958
Dulverton Trust	-	25,000	(25,000)	-	-
	<u>1,359,752</u>	<u>4,902,041</u>	<u>(4,893,457)</u>	<u>(83,869)</u>	<u>1,284,467</u>

Transfers of £83,869 were made from restricted to unrestricted funds as follows:

Jerwood bequest – depreciation	£67,871
Bob Allen Bequest - depreciation	£15,998

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2004

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Restricted Funds	Tangible Fixed Assets £	Investments £	Net current Liabilities £	Total £
Jerwood Bequest	1,087,958	-	-	1,087,958
Bob Allen Bequest	164,858	-	-	164,858
D Group	-	-	8,584	8,584
First aid training fund	-	-	22,000	22,000
King George's Fund for Sailors	-	-	1,067	1,067
	<u>1,252,816</u>	<u>-</u>	<u>31,651</u>	<u>1,284,467</u>
Endowment Funds	-	-	14,430	14,430
Unrestricted Funds	<u>467,852</u>	<u>1,420,214</u>	<u>(472,904)</u>	<u>1,415,162</u>
Total	<u>1,720,668</u>	<u>1,420,214</u>	<u>(426,823)</u>	<u>2,714,059</u>

15. ENDOWMENT FUNDS

These funds represent permanent endowments, the income of which is to be used to provide subsidised berths and awards to certain Sea Cadets and Sea Cadet Units.

16. CONTINGENT LIABILITIES

There is a contingent liability amounting to £3,398 (2003: £16,781) on outstanding guarantees given to banks in respect of loans granted to Sea Cadet Units.

17. CLOSED UNITS

Funds from closed Units are credited to Accumulated Funds. These funds may be used, at the Trustees' discretion, to assist neighbouring Units or Units that re-open.

18. COMMITMENTS

At 31 March 2004 there were no capital commitments outstanding (2003: £ Nil).

19. TAXATION

No corporation tax is payable due to the charitable status of the activities of the Association.