

COMPANY NUMBER: 404951

CHARITY NUMBER: 306141

**THE SEA CADET ASSOCIATION**  
**(Formerly The Navy League Incorporated)**  
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**ACCOUNTS**

**31 DECEMBER 1995**



**CLARK WHITEHILL**  
**Chartered Accountants**

25 New Street Square London EC4A 3LN  
Telephone 0171-353 1577 Facsimile 0171-583 1720

DX 0014 London Chancery Lane  
A member of Horwath International



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**THE SEA CADET ASSOCIATION**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

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**DIRECTORS**

All the directors are also trustees of The Sea Cadet Association.

The directors during the the year were:

Vice Admiral Sir James Weatherall KBE*	(Chairman)
J R Brookes+ ^	(appointed 27 January 1995)
I F Halliday MA FCA	(resigned 27 January 1995)
P R Harris OBE*+	
Captain J C L T Lee OBE JP DL*	(appointed 27 January 1995)
Professor M N Naylor RD DL	(resigned 27 January 1995)
Admiral of the Fleet Sir Julian Oswald GCB	(appointed 27 January 1995, resigned 1 November 1995)
D J Ougham	(resigned 27 January 1995)
P T Swan FCA*+ ^	
J W Wightman CBE DL	(appointed 30 June 1995)

\* Member of the Finance Committee

+ Member of the Remuneration Committee

^ member of the Audit Committee

**ADVISERS**

**Auditors:**

Clark Whitehill  
25 New Street Square  
London EC4A 3LN

**Bankers:**

National Westminster Bank plc  
PO Box No. 4RY  
250 Regent Street  
London E1A 4RY

**Investment Advisers:**

Kleinwort Benson Investment Management Limited  
P.O. Box 191  
10 Fenchurch Street  
London EC3M 3LB

**Solitictors:**

Frere Cholmeley Bischoff  
4 John Carpenter Street  
London EC4Y 0NH

**THE SEA CADET ASSOCIATION**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

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The directors present their report and the accounts for the year ended 31 December 1995.

#### **OBJECTS**

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

#### **RESULTS**

The deficit on operations for the year was £58,865 before a surplus on the value of investments amounting to £148,456 as explained in notes 1(c) and 5 to the accounts.

#### **REVIEW OF ACTIVITIES**

Support from the MOD continued at its customary level, for which we are most grateful. By defraying much of the cost of the management support and training services of the Corps, this support, together with SCA contributions has ensured that a wide range of activities for cadets has been provided at basic cost.

#### **BOAT STATIONS AND TRAINING SCHOOLS**

Following the review of the structure of The Sea Cadet Association and in compliance with the revised Statement of Recommended Practice for accounting by charities, the 1995 accounts incorporate the results and net assets of boat stations and training schools. The comparative figures for 1994 have not been adjusted. The 1996 accounts will contain full comparatives as meaningful figures will then be available.

#### **CONSTITUTION**

The Sea Cadet Association is a company limited by guarantee.

Company Number: 404951

Charity Number: 306141

#### **CHANGE OF NAME**

The company changed its name to The Sea Cadet Association on 27 January 1995.

#### **FIXED ASSETS**

Additions to fixed assets during the year were £55,501.

**THE SEA CADET ASSOCIATION**  
**REPORT OF THE DIRECTORS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

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**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 reappoint the auditors, Clark Whitehill, will be tabled at the Annual General Meeting.

By Order of the Board

M J Fuller

Secretary

A handwritten signature in black ink, appearing to read 'M J Fuller', with a long horizontal stroke extending to the right.

26 April 1996



# CLARK WHITEHILL

## Chartered Accountants

25 New Street Square London EC4A 3LN  
Telephone 0171-353 1577  
Facsimile 0171-583 1720  
DX 0014 London Chancery Lane

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### REPORT OF THE AUDITORS TO THE MEMBERS OF THE SEA CADET ASSOCIATION

We have audited the accounts on pages 5 to 14 which have been prepared under the accounting policies set out on page 9.

#### Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

#### Basis of Opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

#### Unqualified Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 December 1995 and of its deficit and investment gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CLARK WHITEHILL  
Chartered Accountants  
and Registered Auditor

26 April 1996

**THE SEA CADET ASSOCIATION**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes	Unrestricted Funds £	Restricted Funds £	1995 Total £	1994 Total £
<b>RESOURCES ARISING</b>					
Subscriptions		49,522	-	49,522	51,970
Appeal Income:					
General		82,242	25,000	107,242	138,061
Legacies		14,988	-	14,988	16,038
Net proceeds from special events		9,658	-	9,658	30,390
Sundry income		3,372	-	3,372	-
Ministry of Defence grants		-	1,698,082	1,698,082	1,525,863
King George's Fund for Sailors		-	49,000	49,000	49,000
Funds from closed unit		-	-	-	3,125
Navy News subscriptions		32,621	-	32,621	30,772
Offshore Income		190,790	-	190,790	131,961
Areas Income		-	159,840	159,840	141,491
Branches, Boat Stations & Training					
Schools Income		187,562	-	187,562	14,624
Training Manuals and Courses		-	29,102	29,102	33,906
Investment Income		89,649	-	89,649	89,107
Bank deposit interest		9,082	720	9,802	5,744
Gain on disposal of fixed asset		5,887	-	5,887	-
		<u>675,373</u>	<u>1,961,744</u>	<u>2,637,117</u>	<u>2,262,052</u>
<b>RESOURCES USED</b>					
Staff costs	2	149,253	1,318,073	1,467,326	1,289,618
Depreciation		76,345	34,602	110,947	86,963
Audit fees		3,130	12,520	15,650	10,055
Grants and support by HQ, Areas and Branches to Units (incl. training)		155,165	377,284	532,449	382,175
Other expenses	3	339,278	230,332	569,610	548,357
		<u>723,171</u>	<u>1,972,811</u>	<u>2,695,982</u>	<u>2,317,168</u>
<b>DEFICIT ON OPERATIONS</b>		<b>(47,798)</b>	<b>(11,067)</b>	<b>(58,865)</b>	<b>(55,116)</b>
<b>PERMANENT ENDOWMENTS RECEIVED</b>					
		-	-	-	333
<b>INVESTMENT GAINS/(LOSSES)</b>					
Realised	1c	670	-	670	(66,380)
Unrealised		147,786	-	147,786	(157,590)
<b>TOTAL GAINS AND LOSSES RECOGNISED IN THE YEAR</b>		<u><b>100,658</b></u>	<u><b>(11,067)</b></u>	<u><b>89,591</b></u>	<u><b>(278,753)</b></u>

The above Statement of Financial Activities includes all the recognised gains and losses in the year.

The notes on pages 9 to 14 form an integral part of these accounts.

**THE SEA CADET ASSOCIATION**  
**RECONCILIATION OF FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
<b>BALANCES AT 1 JANUARY 1995</b>					
<b>AS PREVIOUSLY STATED</b>		1,620,312	533,767	13,130	2,167,209
Reanalysis of funds of branches		<u>82,726</u>	<u>(82,726)</u>	-	-
		1,703,038	451,041	13,130	2,167,209
<b>Prior Year Adjustments</b>					
Incorporation of opening reserves of Boat Stations and Training Schools	8	<u>3,467</u>	-	-	<u>3,467</u>
As restated		1,706,505	451,041	13,130	2,170,676
<b>TOTAL GAINS AND LOSSES RECOGNISED IN THE YEAR</b>		100,658	(11,067)	-	89,591
From Page 5					
<b>BALANCES AT 31 DECEMBER 1995</b>		<u>1,807,163</u>	<u>439,974</u>	<u>13,130</u>	<u>2,260,267</u>

The notes on pages 9 to 14 form an integral part of these accounts.

**THE SEA CADET ASSOCIATION**  
**SUMMARY INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

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	1995	1994
	£	£
Total Income	2,637,117	2,262,052
Total Expenditure	<u>2,695,982</u>	<u>2,317,168</u>
Net Expenditure for the year before investment disposals	(58,865)	(55,116)
Gain/(loss) on disposal of investments	<u>670</u>	<u>(66,380)</u>
Net Expenditure for the year	<u>(58,195)</u>	<u>(121,496)</u>

The Summary Income and Expenditure account is derived from the Statement of Financial Activities on page 5, which together with Reconciliation of Funds on page 6, and the notes to the accounts on pages 9 to 14, provides full information on the movements during the year on all the funds of the Association.

**The notes on pages 9 to 14 form an integral part of these accounts.**



**THE SEA CADET ASSOCIATION**  
**BALANCE SHEET**  
**31 DECEMBER 1995**

	Notes	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	4	593,655	651,514
Investments	5	1,623,988	1,459,784
		<u>2,217,643</u>	<u>2,111,298</u>
<b>CURRENT ASSETS</b>			
Stocks		13,108	9,726
Debtors	6	130,208	90,792
Cash at bank and in hand		559,317	477,344
		<u>702,633</u>	<u>577,862</u>
<b>CREDITORS: amounts falling due within one year</b>			
Creditors		197,169	111,061
Accruals and deferred income	7	444,442	376,591
		<u>641,611</u>	<u>487,652</u>
<b>NET CURRENT ASSETS</b>			
		<u>61,022</u>	<u>90,210</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>2,278,665</u>	<u>2,201,508</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Accruals and deferred income	7	(18,398)	(34,299)
		<u>2,260,267</u>	<u>2,167,209</u>
<b>RESERVES</b>			
Unrestricted Funds	10	1,807,163	1,620,312
Restricted Funds	9	439,974	533,767
Endowment Funds	11	13,130	13,130
		<u>2,260,267</u>	<u>2,167,209</u>

Approved by the Directors on 26 April 1996  
and signed on their behalf:

Vice Admiral Sir James Weatherall KBE

P T Swan FCA

} Directors

The notes on pages 9 to 14 form an integral part of these accounts.

**THE SEA CADET ASSOCIATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

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**1. ACCOUNTING POLICIES**

**a) Basis Of Accounting**

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of listed investments.

**b) Allocation Of Income And Expenditure**

Income and expenditure directly attributable to the Sea Cadet Corps and expenditure defrayed by the Ministry of Defence under the Sea Cadet Memorandum of Agreement are reflected in the Statement of Financial Activities on page 5.

**c) Investment Gains and Losses**

Realised investment gains and losses represent the difference between the market value of the investment at the beginning of the year, or the cost if purchased during the year, and the sale proceeds.

**d) 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:-

Sail Training Ships	- 10% straight-line basis
Office furniture and equipment	- 25% straight line basis
Computer equipment	- 25% straight line basis
Leasehold	- 10% straight line basis

**e) Sail Training Ships Refit Expenditure**

Major structural work is capitalised and depreciated over the expected life of the ships. Maintenance expenditure is charged to the Statement of Financial Activities when incurred.

**f) Sail Training Ship Appeal Fund**

The proceeds from the appeal are being released over the expected life of T.S. Royalist.

**g) Endowment and Restricted Funds**

These funds represent gifts or grants which can only be applied for a purpose specified by the donor or grantor. 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.

**THE SEA CADET ASSOCIATION**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

<b>2. STAFF COSTS</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,284,651	1,127,431
Social security costs	121,181	108,884
Pension fund contributions	45,340	38,392
Health insurance	16,154	14,911
	<u>1,467,326</u>	<u>1,289,618</u>

Staff costs are included in the accounts as follows:

Sea Cadet Association		
- headquarters	149,253	126,373
Funding by Ministry of Defence		
- headquarters	424,601	403,377
- instructors	628,114	571,599
- areas	265,358	188,269
	<u>1,467,326</u>	<u>1,289,618</u>

The average weekly number of employees was:

	<b>No.</b>	<b>No.</b>
Administration - headquarters	16	16
Training administration	20	20
Areas	25	20
Instructors	43	33
	<u>104</u>	<u>89</u>

The directors did not receive any remuneration from the company during the year.

<b>3. OTHER EXPENSES</b>	<b>£</b>	<b>£</b>
Fund Raising and Public Relations department expenses	32,978	34,524
Provision against amount due from subsidiary	-	46,540
Computing costs	24,763	18,440
Insurance	11,964	12,948
Legal and professional	24,923	29,798
Postage and telephone	43,083	46,073
Printing and stationery	39,963	30,445
Rent, rates, services and maintenance	107,634	111,502
Offshore running costs	217,478	124,431
Sports Council expenditure	-	7,346
Travelling and general expenses	36,488	56,009
Navy News printing costs	30,336	30,301
	<u>569,610</u>	<u>548,357</u>

**THE SEA CADET ASSOCIATION**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

**4. TANGIBLE FIXED ASSETS**

	Short Leasehold	Sail Training Ships & Boats	Fixtures Fittings Equipment and Computer	Motor vehicles	Total
	£	£	£	£	£
Cost					
1 January 1995	50,000	881,132	118,427	9,655	1,059,214
Additions	-	15,029	13,227	27,245	55,501
Disposals	-	-	-	(9,655)	(9,655)
31 December 1995	50,000	896,161	131,654	27,245	1,105,060
Depreciation					
1 January 1995	40,000	272,763	87,695	7,242	407,700
Provision for the year	5,000	84,812	14,324	6,811	110,947
Disposals	-	-	-	(7,242)	(7,242)
31 December 1995	45,000	357,575	102,019	6,811	511,405
Net book value					
31 December 1995	5,000	538,586	29,635	20,434	593,655
31 December 1994	10,000	608,369	30,732	2,413	651,514

**THE SEA CADET ASSOCIATION**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

<b>5. INVESTMENTS</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
<b>SUBSIDIARIES</b>		
Shares in subsidiary company	<u>100</u>	<u>100</u>
<b>OTHER</b>		
Listed investments at market value	<b>1,585,377</b>	<b>1,380,877</b>
Balances with portfolio manager allocated for investment	<u>38,511</u>	<u>78,807</u>
	<b>1,623,888</b>	<b>1,459,684</b>
<b>TOTAL INVESTMENTS</b>	<b><u>1,623,988</u></b>	<b><u>1,459,784</u></b>

**MOVEMENT OF LISTED INVESTMENTS**

	<b>£</b>
Market value at 1 January 1995	1,380,877
Additions	435,969
Disposals	(379,255)
Unrealised gains in year	<u>147,786</u>
Market value at 31 December 1995	<u>1,585,377</u>

The company owns the whole of the issued share capital of The Navy League (Trading) Company Limited, a company incorporated in Great Britain.

In view of the seasonal nature of the subsidiary's business, the Trustees of the Sea Cadet Association have determined that The Navy League (Trading) Company Limited's annual accounts shall be made up to 31 March. The accounts have not been consolidated as the company's trading is not material; the accounts for the year to 31 March 1995 are annexed to these accounts.

<b>6. DEBTORS</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Amount owed by subsidiary company	<b>47,910</b>	<b>37,047</b>
Other debtors	<b>76,518</b>	<b>45,510</b>
Prepayments and accrued income	<u>5,780</u>	<u>8,235</u>
	<b>130,208</b>	<b>90,792</b>

**THE SEA CADET ASSOCIATION**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

**7. ACCRUALS AND DEFERRED INCOME**

Accruals and deferred income includes endowments for reserved berths amounting to £34,398 for 1995 to 1997 (1994 - £50,297). The deposit of £350 entitles a Sea Cadet Unit to a berth for a week's sailing in T.S. Royalist for the five year cycle (£70 per year). This balance is paid when the berth is filled.

**8. PRIOR YEAR ADJUSTMENTS**

**Boating Stations and Training Schools**

Following the review of the structure of The Sea Cadet Association and in compliance with the revised Statement of Recommended Practice for accounting by charities, the 1995 accounts incorporate the results and net assets of Boating Stations and Training Schools. The comparative figures for 1994 have not been adjusted.

**9. RESTRICTED FUNDS**

	Restated Balance at 1 January 1995 £	Increase/ (Decrease) £	Balance at 31 December 1995 £
Training Support Grant	270,050	(41,041)	229,009
Sail Training Ship Appeal Fund	34,050	(4,864)	29,186
Leopold Muller Fund	84,010	(8,410)	75,600
Areas	62,931	18,248	81,179
Replacement Training Yacht Fund	-	25,000	25,000
	<u>451,041</u>	<u>(11,067)</u>	<u>439,974</u>

The Sail Training Ship Appeal Fund, Leopold Muller Fund and Replacement Training Yacht Fund are all invested in tangible fixed assets.

**10. UNRESTRICTED FUNDS**

	Restated Balance at 1 January 1995 £	Increase/ (Decrease) £	Balance at 31 December 1995 £
Accumulated Funds	1,620,312	67,175	1,687,487
Branches, Boat Stations & Training Schools	86,193	33,483	119,676
	<u>1,706,505</u>	<u>100,658</u>	<u>1,807,163</u>

**THE SEA CADET ASSOCIATION**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

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**11. 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.

**12. CONTINGENT LIABILITIES**

There is a contingent liability amounting to £41,000 (1994 : £38,500) on outstanding guarantees given to banks in respect of overdrafts granted to Sea Cadet Units.

**13. CLOSED UNITS**

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

**14. COMMITMENTS**

At 31 December 1995 the company was contracted to make expenditure of £41,561, in respect of the winter refit of T. S. Royalist, which is not included in these accounts.

THE NAVY LEAGUE (TRADING) COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1995

THESE ACCOUNTS  
FORM PART OF THE  
GROUP ACCOUNTS  
OF COMPANY  
No. 404951



**CLARK WHITEHILL**  
Chartered Accountants

25 New Street Square London EC4A 3LN  
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THE NAVY LEAGUE (TRADING) COMPANY LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 1995

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The directors submit their annual report and the audited financial statements of the company for the year ended 31 March 1995.

The company was incorporated on 26 April 1967 as a wholly owned subsidiary of the Sea Cadet Association to further the object of the Association. Its principal activity continues to be the sale of general goods including Christmas cards.

In the year ended 31 March 1995 the company made a loss of £8,302. The directors cannot recommend payment of a dividend, as there are accumulated losses to carry forward of £95,353.

While acknowledging the difficulties and losses experienced this year the directors are taking positive action to improve the trading position and are satisfied that the company has a viable future.

The directors who have served during the year were as follows:

P T Swan  
M N Naylor  
J P Barker  
A A P N Rogers (Resigned 23 March 1995)

W H Melly

The directors do not have any interest in the share capital.

A resolution proposing the reappointment of Clark Whitehill as auditors of the company will be put to the members at the Annual General Meeting.

By Order of the Board

  
Secretary

London

**THE NAVY LEAGUE (TRADING) COMPANY LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 1995**

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Company law requires the directors to prepare financial statements 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 financial statements 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 financial statements;
- prepare the financial statements 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 financial statements 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.

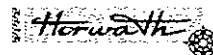


# CLARK WHITEHILL

## Chartered Accountants

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### REPORT OF THE AUDITORS TO THE MEMBERS OF THE NAVY LEAGUE (TRADING) COMPANY LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared under the accounting policies set out on page 6.

#### Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

#### Basis of Opinion

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

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

#### Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

3 Oct 1995

CLARK WHITEHILL

Chartered Accountants  
and Registered Auditor

**THE NAVY LEAGUE (TRADING) COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 1995**

	Notes	1995 £	1994 £
<b>TURNOVER</b>		16,416	20,000
<b>LESS: COST OF SALES</b>			
Stock at 31 March 1994		31,765	12,152
Cost of goods purchased		<u>16,562</u>	<u>117,843</u>
		48,327	129,995
Less: Stock at 31 March 1995		<u>(29,202)</u>	<u>(31,765)</u>
Cost of sales		<u>19,125</u>	<u>98,230</u>
<b>GROSS LOSS</b>		(2,709)	(78,230)
Sundry income		230	-
<b>LESS: ADMINISTRATIVE EXPENSES</b>	2		
Administration and postage		2,121	90
Audit fees		700	400
Professional fees		1,800	-
Sundry expenses		<u>1,202</u>	<u>2,817</u>
		<u>(5,823)</u>	<u>(3,307)</u>
<b>LOSS ON ORDINARY ACTIVITIES</b>		(8,302)	(81,537)
<b>LESS: NET LOSS BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<u>(87,051)</u>	<u>(5,514)</u>
<b>LOSS CARRIED FORWARD PER BALANCE SHEET</b>	4	<u>(95,353)</u>	<u>(87,051)</u>

The Profit and Loss Account contains all the gains and losses recognised in the current and preceding year and the profit retained in these years represents the only movement in shareholders' funds.

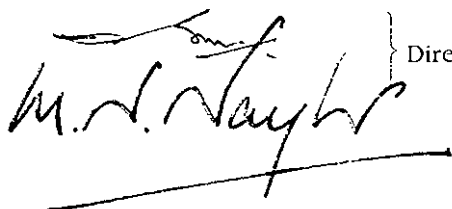
THE NAVY LEAGUE (TRADING) COMPANY LIMITED

BALANCE SHEET

AS AT 31 MARCH 1995

	Notes	1995 £	1994 £
<b>CURRENT ASSETS</b>			
Stock - valued at lower of cost and net realisable value		29,202	31,765
Debtors		<u>5,528</u>	<u>4,155</u>
		34,730	35,920
<b>LESS: CREDITORS: amounts falling due within one year</b>			
Amounts owed to Sea Cadet Association		125,483	120,439
Other creditors		<u>2,500</u>	<u>432</u>
		<u>127,983</u>	<u>120,871</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(93,253)	(84,951)
<b>CREDITORS: amounts falling due after more than one year</b>			
Amounts owed to Sea Cadet Association	3	<u>(2,000)</u>	<u>(2,000)</u>
		<u>(95,253)</u>	<u>(86,951)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital			
100 Ordinary shares of £1 each		100	100
Authorised, issued and fully paid		<u>(95,353)</u>	<u>(87,051)</u>
Profit and loss account - deficit			
<b>SHAREHOLDERS' FUNDS</b>	4	<u>(95,253)</u>	<u>(86,951)</u>

Approved by the board on 2 October 1995  
and signed on its behalf:

 Directors

THE NAVY LEAGUE (TRADING) COMPANY LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1995

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**1. ACCOUNTING POLICIES**

The accounts have been prepared under the historical cost convention.

**2. STAFF COSTS (INCLUDING DIRECTORS)**

No directors' emoluments were paid during the year ended 31 March 1995.

**3. CREDITORS:**

amounts falling due after more than one year

1995	1994
£	£

Amounts owed to Sea Cadet Association

<u>2,000</u>	<u>2,000</u>
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The loan is interest free and has no fixed repayment date.

**4. SHAREHOLDERS' FUNDS**

£

At 31 March 1993

(5,514)

Retained Loss

(81,537)

At 31 March 1994

(87,051)

Retained loss

(8,302)

At 31 March 1995

(95,353)

**5. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of the Sea Cadet Association which is registered in England.