

COMPANY NUMBER: 404951
CHARITY NUMBER: 306141



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

ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006



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COMPANIES HOUSE

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23/09/2006

**THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 2006**

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
M Gladwyn
Earl of Romney

ADVISERS

Auditors:

Horwath Clark Whitehill
25 New Street Square
London EC4A 3LN

Registered Address:

202 Lambeth Road
London SE1 7JF

THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 2006

The Directors present their report and the accounts for the year ended 31 March 2006.

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.

STATUS

Apart from the permanent endowment the Association transferred all assets, liabilities and operations to the Marine Society and Sea Cadets (Registered Charity Number 306141) on 30 November 2004. This charity is now the sole member of the Sea Cadet Association. The Association will continue to exist to collect legacies and hold residuary title to various Sea Cadet unit properties around the country in addition to holding the permanent endowment.

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

RESERVES

No free reserves are required now to operate.

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.

THE SEA CADET ASSOCIATION
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2006

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



M Gladwyn
Trustee and Director

9 August, 2006

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 2006, which comprise the Statement of Financial Activities, the Balance Sheet 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 2006 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

Horwath Clark Whitehill
Chartered Accountants and Registered Auditors

6/7/06

25 New Street Square
London
EC4A 3LN

THE SEA CADET ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2006

Income and expenditure	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2006 Total £	2005 Total £
RESOURCES ARISING						
Donations, Legacies and Other Income		-	-	-	-	552,899
Activities Generating Funds in Support of the charity's objects						
Ministry of Defence grants		-	-	-	-	3,131,834
Offshore income		-	-	-	-	198,814
Areas income		-	-	-	-	-
Branches, boat stations & training Schools income		-	-	-	-	370,854
Activities for generating funds						
Fundraising events		-	-	-	-	49,462
Investment income		-	-	-	-	38,788
Other incoming resources		-	-	-	-	7,144
TOTAL INCOMING RESOURCES		-	-	-	-	4,349,795
RESOURCES EXPENDED						
Cost of Generating Funds						
Fundraising		-	-	-	-	117,141
Charitable Expenditure						
Grants payable to units		-	-	-	-	31,165
Supporting Sea Cadet Units		-	-	-	-	1,060,510
Onshore training		-	-	-	-	1,354,468
Offshore training		-	-	-	-	531,951
Training support		-	-	-	-	84,036
Sea Cadet National Events		-	-	-	-	85,427
Promoting Sea Cadet Activity		-	-	-	-	171,841
International Sea Cadet Activities		-	-	-	-	10,276
Support costs		-	-	-	-	678,017
Management and administration		-	-	-	-	41,716
Total charitable expenditure		-	-	-	-	4,049,407
TOTAL RESOURCES EXPENDED		-	-	-	-	4,166,548

THE SEA CADET ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2006

Net incoming/ (outgoing) resources for the year	-	-	-	-	183,246
Investment gains	-	-	-	-	90,876
NET MOVEMENT IN RESERVES	-	-	-	-	274,123
BALANCES AT 1 APRIL 2005	-	-	-	14,430	2,714,059
TRANSFER TO MARINE SOCIETY AND SEA CADETS	-	-	-	-	(2,973,751)
BALANCES AT 31 March 2006	-	-	-	14,430	14,430

The notes on pages 8 to 9 form an integral part of these accounts.

ALL ACTIVITIES DISCONTINUED ON 30 NOVEMBER 2004

THE SEA CADET ASSOCIATION
BALANCE SHEET
31 MARCH 2006

	Notes	£	2006 £	2005 £
FIXED ASSETS				
Tangible assets			-	-
Investments			-	-
			-	-
CURRENT ASSETS				
Debtors	3	14,430	-	-
Cash at bank and in hand		-	-	14,430
		<u>14,430</u>		<u>14,430</u>
		-		
CREDITORS: amounts falling due within one year		-	-	-
			-	-
NET CURRENT LIABILITIES			-	-
			-	-
RESERVES				
Unrestricted Funds			-	-
Restricted Funds			-	-
Endowment Funds	4		<u>14,430</u>	<u>14,430</u>
			<u>14,430</u>	<u>14,430</u>

Approved by the Trustees and Directors on 9 August, 2006
and signed on their behalf:



M Gladwyn
Trustee and Director

The notes on pages 8 to 9 form an integral part of these accounts.

THE SEA CADET ASSOCIATION
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2006

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 were accounted for as soon as their amount and receipt were reasonably certain. In the case of unsolicited donations this was usually only when they were received, while fundraising results were 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 comprised costs associated with raising funds from all sources and includes fundraising costs and costs of events.

(2) Charitable expenditure:

Direct costs are allocated to functional cost headings based on supporting cost centre analyses. Overheads (including VAT) are included in support costs, not allocated to functional cost headings. Support costs represent expenditure incurred in providing administrative and financial services in support of the charitable expenditure above. Management and administration costs are those of the central management including constitutional and governance matters.

VAT is included in support costs as an overhead cost.

d) Pension costs

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

e) Endowment and Restricted Funds

These funds represented gifts or grants, which could only be applied for a purpose specified by the donor or grantor. These amounts were carried forward as deferred income where there was a restriction on when monies could be spent. Permanent endowed funds were those where the donor had specified that the capital of the gift could not 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)
YEAR ENDED 31 MARCH 2006

2. STAFF COSTS	2006	2005
	£	£
Wages and salaries	-	2,245,548
Social security costs	-	208,918
Pension fund contributions	-	181,674
Health insurance	-	56,050
	<u>-</u>	<u>2,692,190</u>
The average weekly number of employees was:		
Administration – headquarters	-	31
Training administration	-	22
Areas	-	32
Instructors	-	96
	<u>-</u>	<u>181</u>

The directors did not receive any remuneration or expenses from the company.

Auditors' fees for the year amounted to £nil (2005: £7,000).

3. DEBTORS

Represents amounts owed by the parent charity (the Marine Society and Sea Cadets).

4. ENDOWED FUNDS

Income from the permanent endowed funds is used to provide subsidised berths and awards for Sea Cadets.