

Croydon Sea Cadets Property Trust

Report & Accounts

For the year ended 31 March 2024

Charity number (England & Wales): 1172729

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Overview

In 2017, the Croydon Unit of the Sea Cadet Corps (registered charity number 302987) sold property and the proceeds of the sale were invested in investments managed by Investec and under the custodianship of the Trustees listed in this report, for the benefit of Croydon Unit of the Sea Cadet Corps through grants made by the Trust to the Unit.

Achievements and performance

Financial review

The Trust's assets are an investment portfolio managed by Cazenove out of which grants are paid to the Croydon Unit of the Sea Cadets. During the year the investment portfolio earned £41,827 (2023: £49,033).

The Trust paid £0 (2023: £47,000) to the Unit during the year and incurred investment management costs of £6,915 (2023: £7,388), legal fees of £0 (2023: £0) and independent examiner fees of £450 (2023: £400).

The Trust finished the year with unrestricted reserves of £1,960,520 (2023: £1,812,974), an increase in reserves of 8.1% year on year. The Trust holds no restricted reserves or endowment funds.

Investment policy

Cazenove Capital took over managing the investment portfolio from Investec this year.

The investment aims are to create sufficient income and capital growth to enable the Trust to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance, and if possible, enhancement of the value of the invested funds whilst they are retained. The Trust's objective is to achieve, over the medium term, a minimum total return in excess of UK CPI plus 4% net of fees. Both capital and income may be used at any time for the furtherance of the Trust's aims.

The Incumbent Investment Manager (Cazenove Capital) has discretion to shift between asset classes as opportunities present themselves within the following ranges:

Asset Class	Portfolio Neutral Position %	Minimum Allowable % of total Portfolio	Maximum Allowable % of total Portfolio
Equities	70	55	85
Bonds	10	0	20
Property	10	0	15
Alternative Investments	8	0	15
Cash	2	0	15

Bonds held will be of 'BBB' credit rating or better.

No single investment should exceed 10% of the total value of the funds under management and the total sum of all equity holdings in excess of 5% must not be equal to or exceed 40% of the fund's value at any time. The portfolio should have a minimum of 35 separate stocks held at any one time, either within packaged products or held directly.

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

The objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a recognised investment exchange and unit trusts and OEICs (open ended investment companies) which are appropriately authorised and compliant with current legislation. The performance of each asset class is measured against relevant market indices. The overall performance is compared with the long term return expected (4% plus inflation and fees) and a portfolio weighted Charity Universe benchmark. From 1 April 2018, the trustees have adopted CPI rather than RPI as a more appropriate measure of the inflation facing the charity.

Ethical considerations

The trustees reserve the right to apply ethical considerations to the investment policy where appropriate. None, however, are applied at the moment. An annual review of the policy is undertaken.

Performance

The fund delivered a total return (net-of-fees) of 1.9% (2023: 2.1%) against our real return benchmark of 7.4% (RPI plus 4%) and ARC Sterling Steady Growth Index 1 of 1.4%.

The trustees continue to monitor investment performance and are grateful for the assistance of the investment managers.

Reserves policy

The Trust's reserve policy is to keep unrestricted reserves at a minimum level equal to the original proceeds from the sale of the old property (£1,611,115). Any realised gains and income earned less investment management fees and independent examiner fees may be granted to the Croydon Unit of the Sea Cadets at the discretion of Trustees.

At balance sheet date unrestricted reserves were £1,960,520 (2023: £1,812,974), and Trustees are satisfied that this meets the Trust's reserve policy.

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Plans for future periods

The Trust will continue to hold its reserves as an investment in order to maximise its return on funds and to safeguard the value of the original proceeds from the sale of the old premises so that should the Croydon Unit of the Sea Cadets be required to relocate premises in the future then the Unit has the necessary funds in order to do so.

Structure, governance and management

The Trust is governed by a board of unpaid non-executive trustees. Details of the trustees who served during the year, and as at the date of this report, are:

Geoffrey Hartwell
Mervin Sharp
Noel Wheatley
Marine Society and Sea Cadets
Sea Cadets Association

Trustees meet at least annually to review the performance of the investment portfolio and to agree grants paid to the Croydon Unit of the Sea Cadets and other expenditure to be incurred during the year.

Appointment of Trustees

Trustees are co-opted by the board and elected by the Trust's members at the AGM following their appointment according to the provisions of the Board of Trustees. The board keeps the skill requirements for the trustee body under review and, with these in mind, seeks to identify new members in a range of ways, including recommendation from all interested parties. Any Trustee which is a corporate entity may authorise an individual to discharge its functions as Trustee on its behalf on such terms as it thinks fit

Croydon Sea Cadets Property Trust

Report & Accounts

For the year ended 31 March 2024

Charity number (England & Wales): 1172729


STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Notes	Unrestricted funds £	Unrestricted funds £
Income and endowments from:			
Donations, legacies and other income			
Donation from Croydon Sea Cadet Unit		-	-
Investment		41,827	49,033
Total income		<u>41,827</u>	<u>49,033</u>
Expenditure on:			
Raising funds			
Investment management costs		6,915	7,388
Charitable activities			
Grants to Croydon Sea Cadet Unit	2	450	47,400
Total expenditure		<u>7,365</u>	<u>54,788</u>
Net (losses)/gains on investments		113,084	(149,150)
Net income for the year		<u>147,564</u>	<u>(154,904)</u>
Reconciliation of funds:			
Total funds brought forward		1,812,974	1,967,879
Total funds carried forward	10	<u>1,960,520</u>	<u>1,812,974</u>

BALANCE SHEET AS AT 31 MARCH 2024

	Notes	2024 £	2023 £
Fixed assets:			
Investments	7	1,961,883	1,815,607
		<u>1,961,883</u>	<u>1,815,607</u>
Liabilities			
Creditors: Amounts falling due within one year	8	(1,363)	(2,633)
Net current liabilities		<u>(1,363)</u>	<u>(2,633)</u>
Total net assets	9	<u>1,960,520</u>	<u>1,812,974</u>
The funds of the charity			
Unrestricted funds		1,960,520	1,812,974
Total charity funds	10	<u>1,960,520</u>	<u>1,812,974</u>

The financial statements on pages 5-13 were approved by Trustees on 29/11/2024 and were signed on their behalf by:



Jennifer Howard FCCA
Director of Finance & Digital MSSC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash provided by operating activities	(a)	(8,636)	(54,531)
Cash flows from investing activities:			
Dividends, interest and rents from investments		41,827	49,033
Proceeds from sale of investments		(41,339)	(49,041)
Purchase of investments		8,148	54,539
Net cash (used in) investing activities		8,636	54,531
Change in cash and cash equivalents in the year		-	-
Cash and cash equivalents at the beginning of the year		62	62
Cash and cash equivalents at the end of the year		62	62

NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of net income to net cash flows from operating activities

	2024 £	2023 £
Net income for the year as per the SoFA	147,546	(154,904)
Adjustments for:		
Losses/(Gains) on investments	(113,084)	149,150
Dividends, interest and rents from investments	(41,827)	(49,033)
Increase in creditors	(1,271)	256
Net cash provided by operating activities	(8,636)	(54,531)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024

1. Accounting Policies

a) Basis of Preparation

The financial statements have been prepared on a consolidated basis in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The charity is well placed to manage the business risks we face. The position is supported by a strong cash flow, a sufficient level of reserves and a good relationship with our key funders. We therefore have a reasonable expectation that we have sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of the charity to continue as a going concern.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies below. The trustees are not aware of any areas where significant changes to key accounting assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

b) Donations, legacies and other income

Income is recognised when the charity has earned entitlement, receipt is probable and the amounts involved can be measured with reasonable certainty. This policy is applied as follows:

Donations are recognised when received, grants are recognised when receivable unless they are restricted for use in a future accounting period in which case they are deferred.

c) Expenditure

Expenditure is classified by direct allocation of costs and best estimates of usage of costs where relevant, as follows:

NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024

Raising funds:

- The cost of raising funds comprises costs associated with raising funds from all sources and includes fundraising costs, costs of events and investment management costs.

Charitable expenditure:

- Direct costs are allocated to functional cost headings based on supporting cost centre analyses. - Overheads (including irrecoverable VAT) are included in support costs and are allocated to functional cost headings.
- Governance costs are included in support costs.

d) Recognition of liabilities and grants

Liabilities are recognised either on the date goods or services are received, or when recipients are given a reasonable expectation that grants will be made and the conditions of those grants have been met. e)

Investments

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

f) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals.

Non property investments, including bonds held as part of an investment portfolio, are held at fair value at the balance sheet date, with gains and losses and investment income being recognised within income and expenditure.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024

2. Grants to Croydon Sea Cadet Unit

	Notes	2024 £	2023 £
Grants paid to Croydon Sea Cadet Unit		-	47,000
Support costs:			
Governance costs:			
Legal fees		-	-
Independent examiner's fees	3	450	400
		<u>450</u>	<u>47,400</u>

3. Independent examiner's fees

	2024 £	2023 £
Examination fee	450	400
Travel costs	-	-
	<u>450</u>	<u>400</u>

4. Staff costs

During the year the charity employed no staff (2023: none).

5. Trustee remuneration and benefits

No trustees received remuneration (2023: none) or incurred expenses (2023: none) in pursuit of their duties as trustees.

6. Related party transactions

There were no related party transaction during the year (2023: none).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

7. Investments

	2024		2023	
	Investment Portfolio £	Cash Equivalent £	Total £	Total £
Fair value at start of the year	1,621,897	193,711	1,815,608	1,970,194
Additions at cost	106,010	(114,158)	(8,148)	(54,539)
Disposal proceeds	(455,232)	496,571	41,339	49,041
Gains/(losses) for the year	113,084	-	113,084	(149,149)
Transfer	576,124	(576,124)	-	-
Fair value at end of the year	<u>1,961,883</u>	<u>-</u>	<u>1,961,883</u>	<u>1,815,547</u>

All investments are held in the UK. No single investment formed over 5% of the portfolio and no amounts were invested directly in overseas' equities.

8. Creditors: Amounts falling due within one year

	2024 £	2023 £
Accrued expenditure	1,363	2,633
	<u>1,363</u>	<u>2,633</u>

No grants were payable as at balance sheet date (2023: £nil).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024

9. Analysis of net assets between funds

	2024	
	Unrestricted funds £	Total £
Investments	1,961,883	1,961,883
Creditors: Amounts falling due within one year	(1,363)	(1,362)
	<u>1,960,520</u>	<u>1,960,521</u>
	2023	
	Unrestricted funds £	Total £
Investments	1,815,607	1,815,607
Creditors: Amounts falling due within one year	(2,633)	(2,633)
	<u>1,812,974</u>	<u>1,812,974</u>

10. Unrestricted funds

	2024		2023
	Unrestricted funds	Total £	Total £
Funds at the start of the year	1,812,974	1,812,974	1,967,879
Income	41,827	41,827	49,033
Expenditure	(7,365)	(7,365)	(54,788)
Net (losses)/gains on investments	113,084	113,084	(149,150)
Funds at the end of the year	<u>1,960,520</u>	<u>1,960,520</u>	<u>1,812,974</u>

The principal professional advisers during the year were:

Independent Examiner:	Stuart Mellor 36 Bond Road Bitterne Park Southampton SO18 1LQ
Investment Advisers and Custodians:	Investec Wealth & Investment Ltd (to 6 March 2024) 2 Gresham Street London EC2V 7QN Cazenove Capital 1 London Wall Place London EC2Y 5AU
Legal Advisers:	Farrer & Co LLP 66 Lincoln's Inn Fields LONDON WC2A 3LH
Registered Office:	200b Lambeth Road London SE1 7JY
Charity Number:	1172729

Independent examiner's report on the accounts

Section A

Independent Examiner's Report

Report to the trustees/directors/ members of

Croydon Sea Cadets Property Trust

On accounts for the year ended

31st March 2024

Charity no.: 1172729

Set out on pages

1

Responsibilities and basis of report

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31/03/2024.

As the charity's trustees of the Company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination, I have followed the Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

The company's gross income did not exceed £250,000 and I am qualified to undertake the examination by being a qualified member of Chartered Institute of Management Accountants.

I have completed my examination. I confirm that no material matters have come to my attention which gives me cause to believe that:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:



Date:

20/01/2025

Name:

Stuart Mellor

Address:

16 Wyndham Court, Southampton, Hampshire, SO15 1GS