

THE MARINE SOCIETY AND SEA CADETS

England & Wales · Charity number 313013

Details

Other names	THE MARINE SOCIETY
Status	Registered
Legal form	Other
Registered	1962-10-25
Register	View on the Charity Commission register

Contact

Address	The Marine Society & Sea Cadets 200b Lambeth Road London SE1 7JY
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Website	www.ms-sc.org

Activities

Objects: 1) TO PROMOTE THE DEVELOPMENT OF YOUNG PEOPLE IN ACHIEVING THEIR PHYSICAL, INTELLECTUAL AND SOCIAL POTENTIAL AS INDIVIDUALS AND AS RESPONSIBLE CITIZENS BY THE PROVISION OF EDUCATION AND LEISURE TIME ACTIVITIES USING A NAUTICAL THEME; 2) TO ADVANCE THE EDUCATION OF SEAFARERS IN SUCH WAYS AS THE COUNCIL SHALL DETERMINE; 3) THE ADVANCE OF THE EDUCATION OF THE PUBLIC IN MARITIME MATTERS; 4) THE PROMOTION OF SCIENTIFIC OR OTHER RESEARCH OF PARTICULAR BENEFIT TO SEAFARERS AND THE PUBLICATION OF THE USEFUL RESULTS OF SUCH RESEARCH; 5) THE PROVISION IN THE INTERESTS OF THE SOCIAL WELFARE OF SEAFARERS OF FACILITIES FOR RECREATION AND OTHER LEISURE-TIME OCCUPATION, BEING FACILITIES WHICH WILL IMPROVE THEIR CONDITIONS OF LIFE AND OF WHICH THEY HAVE NEED BY REASON OF THEIR SOCIAL AND ECONOMIC CIRCUMSTANCES; 6) THE RELIEF OF FINANCIAL HARDSHIP AMONG SEAFARERS AND THEIR DEPENDANTS.

Activities: Promoting Sea Cadet activity. Supporting the maritime industry. Franchisor and primary support for Sea Cadet units ? local groups constituted as separately registered charities. Supporting the maritime industry through the Marine Society, allowing seafarers access to lifelong learning opportunities, a ships? library service, and the provision of financial support for professional advancement.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** Education/training, Other Charitable Purposes
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- Bermuda
- Guernsey
- Jersey
- Malta
- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£23,562,000	£19,341,000	£41,384,000	181
2024-03-31	£18,842,000	£18,620,000	£37,389,000	186
2023-03-31	£16,503,000	£18,780,000	£36,321,000	186
2022-03-31	£19,352,000	£15,808,000	£39,488,000	183
2021-03-31	£14,259,000	£13,841,000	£35,331,000	190

Trustees

Name	Role	Appointed
JEREMY JOHN HARLEY PENN	Chair	2017-10-11
Andy Helliwell		2025-10-08
David Dingle		2020-10-01
Deana Rouse MBE		2025-10-08
Dr Kate Richardson OBE		2025-10-08
Gareth Hampton		2021-10-06
Honor Wilson-Fletcher MBE		2025-10-08
John Denholm		2023-10-11
Jonathan Robertshaw		2020-10-01
Kirsten Hopkins		2023-10-11
Laurelle Brant		2021-10-06
Leonie Austin		2019-10-01
Michael Schofield		2020-10-01
Stephen Edward Peck		2024-11-07
Steve Smith OBE		2023-01-27
Stuart Edward Curl		2024-04-01

Linked charities

- HICKES TRUST 1770 (313013-1)
- H WILDEY BEQUEST 1873 (313013-10)
- SCHERMULEY MEMORIAL FUND (313013-11)
- NAVAL OFFICERS WIDOWS' FUND (313013-12)
- THE HAWKINS' TRUST (313013-13)
- ANNIE BARNES (313013-14)
- C H BEVAN TRUSTS (313013-15)
- THOMAS GRAY MEMORIAL TRUST (313013-16)
- CORBYN MEMORIAL FUND (313013-17)
- DESTITUTE SAILORS FUND (313013-18)
- ELIZABETH W ALLEN TRUST 1933 (313013-2)
- THE MARINE SOCIETY AND SEA CADETS (313013-21)
- DENNIS DE VITRE FUND 1945 (313013-3)
- ALBERT EDWARD TRUST 1936 (313013-4)
- M E P W TRUST 1944 (313013-5)
- S F RHODES 1935 (313013-6)
- C LEWIS BOUNTY 1931 (313013-7)
- COULTHURST FUND 1948 (313013-8)
- LIVERSIDGE TRUST 1925 (313013-9)

Accounts



REPORT & ACCOUNTS

For the year ending 31 March 2025

MSSC Patron and Admiral of the Sea Cadet Corps: Her Royal Highness The Princess Royal
MSSC President: Admiral Sir Philip Jones GCB DL

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Overview

Marine Society and Sea Cadets (MSSC) is a charity that helps launch young people for life and supports aspiring and serving seafarers in achieving successful careers.

With a clear aim to be the leading maritime charity for youth development and lifelong learning, MSSC is committed to investing in and supporting all of our beneficiaries so they can achieve their potential whatever path they choose.

Our vision for **Sea Cadets**: *“Every young person launched for life”*. We seek to achieve this by: Inspiring young people to achieve their potential through challenge and nautical adventure guided by the customs and traditions of today’s Royal Navy.

Our vision for **Marine Society**: *“Every current and future seafarer and maritime professional skilled for life”*. We seek to achieve this by: Enabling current and future seafarers to realise their potential through learning and career development.

We know that our work has a transformational impact on both individuals and the communities they live and work in, positively affecting their life chances and benefiting their communities and society as a whole.

2024/25 IN REVIEW

Overcoming challenges

With ongoing inflation and general funding challenges leading to a shortfall in our budget for 2024/25, an organisation-wide consultation helped us cut costs, find efficiencies and identify opportunities to increase our fundraising.

Throughout the year, our amazing volunteers and employees worked tirelessly through trying times to rise to the challenge we faced. They showed incredible flexibility in adapting to a revised training programme, ensuring we were able to deliver the widest possible range of cadet activities. This included the return of a full programme of offshore voyages which, thanks to the outstanding support of the Royal Navy, allowed us to deliver 9,546 cadet days at sea – a 15% increase on 23/24.

Given the disruption and administrative burden created by implementing the necessary changes, we took the decision to prioritise the quality, consistency and safety of cadets’ experience. With resources stretched in the best interests of existing cadets, we were unable to maintain our recent progress in recruiting new cadets – particularly in the first half of the year. Despite recruiting 5,695 cadets during the year, our overall numbers fell by 212.

However, a fantastic response from units to our Growth Challenge initiative (launched in December 2024) saw a surge in recruitment towards the end of the financial year – keeping cadet numbers over the 14,000 watermark (14,031) and providing excellent momentum for 2025/26. Adult recruitment was also remarkably robust as we welcomed 1,750 new volunteers, with our year-end total of 8,776 only down by 127.

Our growth was also hampered by the introduction of more stringent Disclosure & Barring Service (DBS) processes. To minimise the impact of this in future years, we automated and extended the DBS revalidation process while continuing to streamline internal processes and increase online training – all of which will free up volunteers to deliver even more for cadets.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Creating the conditions for growth

While the challenges we faced resulted in a short-term decline in numbers, our growth targets remain a multi-year ambition. Indeed, the cost- and time-saving measures we have introduced mean our charity now has a very strong and sustainable platform for future expansion. And with our dedicated volunteers and employees fully committed to helping more people to access our support, we expect to return to the positive growth trend that they have worked so hard to establish since the pandemic low point of 2021.

Guided by our Future Ready Strategy's ambitions to meet the huge demand for what we offer, we have continued to lay the groundwork for long-term growth. This work has centred around the need to increase our ability to train more cadets, both within units and at training centres and hubs around the UK. We were therefore delighted to open 35 new Sea Cadets and Royal Marines Cadets sections during the year (with 33 supported by our Department for Culture, Media and Sport-funded project to reduce our waiting lists), along with 17 new Junior Sea Cadets sections. This means we have opened 87 new sections over the past two years – an almost 10% increase in our overall capacity which will allow us to accommodate many more cadets each year.

Our 'beyond unit' training capacity was enhanced by the official opening of our long-awaited residential Midlands Boat Station in October 2024, completing our nationwide boating coverage after a decade of investment. We also secured £1.3m to help transform units, with a further £1.9m raised to support the national charity – including a tremendous response to our appeal to fund the ten-year refit of our flagship TS Royalist.

Supporting seafarers

Sea Cadets' ambitions can be inspired by Marine Society's success during 2024/25, with a three-fold growth in the number of apprentices we support representing a major breakthrough. Three of our apprentices were even nominated for British Apprentice of the Year 2024 by their employers, while several more benefitted from the practical experience of training voyages aboard the Sea Cadets powerboat TS John Jerwood.

Building on the team's work to promote its services across the sector – and boosted by its 'Good' Ofsted assessment in 2024 – Marine Society also increased its provision of scholarships and bursaries, saw another rise in income from books and learning apps, and provided more hours of mentoring to seafarers seeking shoreside roles. To round-off an excellent year, it also sailed through its three-yearly reaccreditation assessment for the Matrix Standard – the quality mark for organisations delivering information and advice and guidance – which praised our "remarkable services" and "commendable impact".

Working with the Royal Navy

A key theme of our Future Ready Strategy is to further reflect today's Royal Navy within the Sea Cadet Experience offered to our young people. During the year we delivered to our cadets:

- 11 naval experience weeks at HMS Raleigh
- 5 Royal Navy careers webinars covering everything from the RN Medical Branch to HM Royal Marines Band.
- 35% had the opportunity to meet serving members of the RN

We continued to drive Royal Navy's footprint across the UK, raising its profile and awareness, including through thousands of cadet days spent representing the RN at community events and parades. The value and

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

relevance of the Royal Navy to cadets was clearly demonstrated in our 2023/24 Impact Survey. Cadets scored their trust of the RN at 8 (out of 10), just below Sea Cadets volunteers (9) and well above teachers (7), while 75% said that Sea Cadets makes them feel connected to the Royal Navy and/or Royal Marines.

We also delivered against our performance indicators with the RN set out in our Memorandum of Understanding, exceeding both of the measured KPIs:

MSSC to Deliver	Outcome
<i>RN Career Awareness Briefings to Volunteers:</i>	305 delivered (against 240 stretch target)
<i>School engagement visits:</i>	72 delivered (against 36 stretch target)

Looking forward

While the ongoing re-ordering of global trade and defence alliances continues to create uncertainty around the world, they both present huge opportunities for MSSC.

The recent Strategic Defence Review highlighted the government's belief that the maritime sectors supported by Marine Society (including shipping, offshore energy and undersea infrastructure) are "critical for sustaining daily national life", and that 440,000 jobs and over 24,000 apprenticeships in defence provide "significant economic and social benefit." It also acknowledged the importance of Cadet Forces for providing skills and qualifications that "inspire future Defence personnel (from diverse backgrounds across the country) and support economic growth".

To further these national aims, the Review recommended a 30% expansion in Cadet Forces by 2030. We welcome this sense of ambition – which matches our own – and believe MSSC is well placed to achieve this level of growth. With the Review specifying that "defence, wider government, and private sector partnerships must provide appropriate leadership, support, and funding to deliver this expansion", we now look forward to working with the Royal Navy, ministers, and employers to help MSSC fulfil this vital mission.

Our unique role will be in supporting the 'whole-of-society approach' which is emphasised throughout the Strategic Defence Review. This will allow us to build on our existing strengths of connecting people with the Royal Navy; instilling young people with strong values and a sense of community; and boosting social mobility through inclusion and outreach.

With the government and Royal Navy now charting a strategic course that mirrors our own, MSSC is ready to seize an unprecedented opportunity. By helping even more seafarers and cadets to reach their full potential, we can play a leading role in transforming the UK's society, security and prosperity.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

OUR VALUES AND CULTURE

We are driven by what we do and the impact we have. We are proud of our work, approaching it with positivity, enthusiasm and urgency as we seek to deliver more inspiring futures. Guided by the views of volunteers, cadets and employees, we have updated the way we define our six core values – to emphasise the importance of inclusion, inspire loyalty to the organisation, and redouble our commitment to doing our best.

MSSC values

Respect:

We are inclusive, considerate and professional.

Loyalty:

We put our beneficiaries first and pull together to achieve our shared goals.

Self-discipline:

We are focused and structured in our work to achieve the best possible outcomes.

Commitment:

We are committed to the charity's goals and to work creatively to find solutions.

Honesty & Integrity:

We are open, honest and treat everyone fairly.

Courage:

We do what we know is right and support others to do the same.

Sea Cadet values

Respect:

To be inclusive, appreciate others and considerate of all.

Loyalty:

To be faithful to those who value and support me.

Self-discipline:

To do my best and do what I must.

Commitment:

To do what I say I will.

Honesty & Integrity:

To tell the truth and be a good person.

Courage:

To do what I know is right.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

ENGAGING MARGINALISED YOUNG PEOPLE AND EMBRACING DIVERSITY

With 55% of Sea Cadets units are located within areas of relative economic disadvantage compared to 33% for other youth groups (according to the latest available National Youth Census, 2023), we continue to aspire to make Sea Cadets even more accessible to the young people who could benefit most from our activities.

Our cadet survey 2024/25 showed:

- **6%** of cadets are **looked after children** (1% national average)
- **7%** of cadets are **young carers** (6% national average)
- **8%** of cadets identify as **autistic** (2% national average)
- **7%** of cadets identify as **ADHD** (5% national average)
- **14%** of cadets from **non-white ethnic minority** (16.2% national average)
- **6%** of cadets identify as **mixed-race** (2.9% of the general population)
- **13%** of aged 12+ cadets identify as **non-heterosexual** (3.3% general population)

At 31 March 2025 we are able to report 38% of cadets were female and 62% male. This continues a recent trend for attracting more girls and young women to Sea Cadets, with the female proportion at 36% in 2023 and 37% in 2024

Throughout August 2024, our On The Water outreach programme gave a first taste of boating and water sports to **966** hard-to-reach children in London, Birmingham and Liverpool (a 24% increase on last year thanks to the programme's return to Merseyside). We were also able to maintain our engagement with young people affected by several categories of disadvantage:

- **31%** of participants were from 'extremely economically disadvantaged areas' (no change on 2023), far above the national benchmark of 20%.
- **5%** of those taking part were looked after young peoples – UP from 2% (national average of 0.6%)
- **10%** of the young people we welcomed had disabilities – no change on 2023 and in line with the national average of 11%

OUR FUTURE READY STRATEGY

The strategy, developed with our cadets, volunteers and employees, charts a clear course for the next five years to 2028. It is about meeting the growing demand for what our charity offers young people, seafarers and maritime professionals, while equipping them for a world of increasingly rapid change.

For cadets, this means providing a unique mix of non-formal education, challenge and adventure that develops confidence and resilience; builds teamwork and leadership skills; and instills clear values, within a safe and inclusive environment, where cadets have a real voice – all of which will ensure our young people can thrive whatever their futures.

For seafarers, this means providing the practical learning opportunities, online support and expert mentoring which will allow them to upskill and progress throughout their careers – with the versatility and adaptability to seize new opportunities and make full use their talents.

The Future Ready Strategy is designed to create the conditions where we are:

- Developing an urgency for growth and delivering on it
- Fully embracing flexible volunteering
- Becoming fully inclusive
- Creating a youth centred approach
- Driving cadet voice
- Equipping seafarers with the essential skills they need
- Ensuring a positive and supportive employee experience

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

We will achieve this by focusing on the following key themes:

Enhancing **Our Offer** to cadets

Having listened to cadets' views, the Future Ready Strategy aims to:

- expand our range of training and activities.
- ensure the Sea Cadets Experience reflects today's Royal Navy.
- develop support for mental health and emotional wellbeing.
- empower young people to shape their own experience.

Enhancing **Our Offer** to seafarers

Responding to the priorities of the UK's Maritime 2050 strategy, Future Ready aims to:

- increase apprenticeship opportunities.
- broaden our maritime curriculum.
- promote and support maritime careers.

Equipping **Our People** to support our beneficiaries

To ensure our volunteers and employees have the skills and support they need to thrive, Future Ready aims to:

- implement leadership and management training.
- deliver the skills to help volunteers provide youth-centred activities.
- explore opportunities for flexible volunteering.

Embracing **Inclusion** throughout MSSC

Guided by the recommendations of our independent Equity, Diversity & Inclusion audit, Future Ready aims to:

- update our policies to promote EDI and challenge inappropriate behaviour.
- provide EDI training and support for volunteers and employees.
- ensure that we reflect the communities we serve.

Creating the conditions for **Growth**

To address the growing demand for our services, and make our offer more accessible to minority groups, Future Ready aims to:

- open new sections and units, including in new locations.
- develop targeted outreach for under-represented communities.
- support an additional 4,500 cadets by 2028 (1,500 per year).

Strengthening our underpinning **Enablers**

To achieve all the impact outlined above, Future Ready aims to deliver the investment that will:

- improve our environmental approach and reduce our carbon footprint.
- provide the new facilities and equipment needed to support cadet training.
- drive our ongoing digital transformation.

We are clear that safety and safeguarding are paramount to everything we do and therefore foremost in all of the objectives in the strategy.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

WHAT WE ACHIEVED IN 2024/25

We set out 10 key outcomes to guide delivery in the second year of our new strategy, backed by detailed plans to achieve them. We note our progress against each below:

OUR OFFER for sea cadets

1. *Enhancing the Sea Cadets Experience*

We delivered:

- A refined cadet training programme to maximise our resources, with navigation, meteorology and piping now incorporated into unit training and a streamlined competitions schedule implemented.
- 50 new online learning modules added to the Sea Cadets Portal, with 30 more sessions updated.
- Beyond unit training for 65% of cadets (up from 45% in 2023/24), with 45% of this training now at district level (compared to just 26% in 2020), bringing more activities within reach of every cadet.
- A National Staff Officer for Cadet Wellbeing & Welfare to lead on specialist training and support for residential camps and offshore voyages.

2. *Empowering more people through Cadet Voice:*

We delivered:

- 60% of units holding regular Cadet Voice forums (target 50%).
- Two cadet trustee members appointed to represent young people on our Board.

3. *Increasing engagement with the Royal Navy:*

We delivered:

- Opportunities to engage with serving Royal Navy personnel for 35% of cadets at units, ceremonial parades and visits to ships and establishments. This was above and beyond our target for 20%.
- 11 District Naval Experience weeks at HMS Raleigh.
- 5 careers webinars, with the Royal Navy Medical Branch, Royal Naval Reserves, Royal Navy Careers, the Royal Marines and HM Royal Marines Band.

4. *Maritime career opportunities increased for cadets*

We delivered:

- Careers awareness fairs and webinars attended by 552 cadets with employers including UK Sail Training, the Merchant Navy, and Royal Navy.
- A dedicated Sea Cadets Portal page created to promote Marine Society courses and apprenticeships to cadets.
- Maritime careers opportunities and job vacancies shared with sea cadets via social media and the Sea Cadets Portal.

OUR OFFER for seafarers and maritime professionals

5. *Marine Society College offer further developed:*

We delivered:

- 17 new apprentices (ahead of our target of 10), meaning the number of apprentices on our programme surged from six to 21 during the year.
- Free digital library access to five Port Welfare Centres (Belfast, Grangemouth, Humber, Southampton and Tilbury), with 82 seafarers taking advantage of the service.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

- 99 Slater scholarships and bursaries awarded to seafarers (up from 94 in 2023/24).
- 77 Coming Ashore registrations with 7 seafarers securing jobs onshore, including our first overseas role in Mumbai.
- A 28% increase in revenue from our Learn@Sea/Shore apps, to £29,371.
- A 13% increase on Library sales, to £32,325.
- £165k income from maritime book sales.

OUR PEOPLE

6. Increasing support for volunteers and employees:

We delivered:

- 30% of national volunteer training online, reducing the cost and inconvenience of residential training.
- A mandatory health & safety training course and comprehensive guidance to help volunteers plan and deliver activity in the safest possible way.
- 30 places for employees on management & leadership training courses, with 100 additional days of training offered to all staff.

INCLUSION & GROWTH

7. Providing Sea Cadets to even more young people:

We delivered:

- 33 new Senior/RMC sections, thanks to the DCMS-funded waiting list project (with two additional non-DCMS sections opened during the year).
- 17 new Junior sections.
- 5,695 new cadets to the Sea Cadets Corps, keeping overall numbers above 14,000.
- Our 'On The Water' outreach programme in three cities (London, Birmingham and Liverpool), engaging 996 marginalised young people (up from 779).

8. Progressing our approach to Equity, Diversity & Inclusion:

We delivered:

- A mandatory EDI training course for all volunteers
- New EDI Lead roles who were recruited and embedded into our six Area Leadership Teams.
- A major organisation-wide consultation on creating a more inclusive Sea Cadet Promise.
- A suite of new EDI resources, including: new training for volunteers on Anti-Racism, Gender, and Reasonable Adjustments; new trans-inclusive materials; and tools to promote inclusive inclusivity throughout Sea Cadets.

ENABLERS

9. Digital and facilities improvements:

We delivered:

- A new residential Midlands Boat Station at Edgbaston Reservoir in Birmingham, officially opened by HRH The Princess Royal in October 2024, offering inshore boating and residential training opportunities to 1,500 cadets in the region.
- A streamlined digital onboarding process to support 1,750 new volunteers recruited in 2024/25.
- Continued improvements to the Sea Cadets Portal to allow help cadets shape their own experience and have closer communications with course directors.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

1. £3m raised to fund facilities and equipment

We delivered:

- £3.2m of funding to support cadet activities, including £1.3 raised specifically to help units improve facilities and equipment.
- Phase 1 of TS Royalist's 10-year refit, fully funded by our appeal. With funding on course to meet our target for phase 2, thousands of cadets will be able to enjoy a voyage on a safer and more comfortable flagship over the next decade.

Other major milestones in 2024/25:

National Drill & Piping Competition – April 2024

Over 300 cadets from across the UK assembled at HMS Raleigh for a very special National Drill and Piping Competition. For the first time, we were joined by our Admiral of the Sea Cadet Corps, HRH The Princess Royal, who enjoyed some fantastic demonstrations of both drill and piping; presented our winners with their gold medals; and took the salute of all the cadets during the closing March Past.

Gibraltar Cup – May 2024

The Gibraltar Cup competition at Royal Marines Commando Training Centre Lympstone saw Royal Marines Cadets Detachments representing all six companies excel in field craft, map reading, endurance, and tactical situations. Cadets also enjoyed the chance to experience a flight in a Merlin helicopter, thanks to the generosity of the Royal Navy. Jersey Detachment won a fine overall victory, with Cadet Sergeant Gemma of Scarborough Detachment named as Best Section Commander. A new award for 2024, Best Individual Medic, was presented to Cadet Lance Corporal Isabelle from Chislehurst and Sidcup Detachment.

D-Day 80 in Normandy – June 2024

48 cadets voyaged to Normandy on three of our offshore vessels, with TS Royalist joining Royal Navy warships and historic naval vessels in escorting the United Kingdom's veterans across the English Channel. Our flagship then joined the powerboats TS John Jerwood and TS Jack Petchey near Pegasus Bridge in Bénouville, where cadets were honoured to meet several veterans while taking part in anniversary parades and memorial events. Cadet Corporal Grace of Trafford Unit was proud to carry the Torch of Commemoration and meet HRH The Princess Royal at the Great Vigil at Bayeux Cemetery. Other cadets greeted guests at the British Normandy Memorial at Ver-sur-Mer on 6 June, where they were privileged to speak with His Majesty King Charles III and Queen Camilla.

Funeral of Captain Flinders RN – July 2024

Over 100 cadets and volunteers from Eastern Area Sea Cadets line the streets of Donington in Lincolnshire for a unique funeral procession. The Royal Navy explorer Captain Matthew Flinders was reburied with honours in his home village, following the discovery of his grave during work at Euston Station in 2019. Cadets proudly took part in ceremonies in front of visiting dignitaries including the Governor of South Australia, Frances Adamson, before witnessing the Royal Navy's State Ceremonial Training Team perform a Guard of Honour and 18-gun salute.

Shooting success at Bisley – July 2024

Sea Cadets achieved some very notable successes at the 2024 Inter Service Cadet Rifle Meeting (ISCRM) held at the National Rifle Association ranges at Bisley in mid-July. In the overall 'Champion Unit' competition, our North West Area A team beat the Army Cadets to second place and even hit six more bullseyes than the winning RAF Air Cadets team. Petty Officer Cadet Amelia of Winsford & Middlewich Unit won the Gwendolen

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Guinness Cup as the top overall cadet in the 'Cadet 100' competition – the first time that a sea cadet has been the 'top shot' at ISCRM since 1984.

Aviation Gold Wings – August 2024

A successful Naval Wings Programme saw three outstanding sea cadets awarded with their Gold Wings badges – the pinnacle of cadet aviation – after a dynamic week at RNAS Yeovilton. Having been selected from an initial pool of over 200, the cadets enjoyed extended flights in the Grob 115 and completed challenging flight operations with the support of 727 Naval Air Squadron's dedicated team.

National Band Competition at Greenwich – August 2024

Our National Band Competition returned for the first time since 2019, with the historic Old Royal Naval College in Greenwich providing a stunning stage for seven of our finest bands. In front of guests including Commander Maritime Reserve and Cadets, Commodore Jo Adey RN, the South West Area Massed Band deservedly won the Eason-Bassett Goblet for Best All-Round Band, ahead of a fine performance from the runners-up of Ellesmere Port Unit Band. Highlighting the quality of our young musicians, the following weekend saw the winners asked to deputise for the Royal Marines Band Service at the Dartmouth Regatta Opening Ceremony.

ASTO Race – August 2024

Our yachts, TS Sir Stelios and TS City of London, competed in the annual Association of Sail Training Organisation's (ASTO) race for young people. Inspired by this year's race being in honour of the RLNI and enthused by the well-wishes of HRH The Duchess of Edinburgh, our cadets showed great skill and determination in tackling the 150km course from Guernsey to Poole. Due to very light winds, the race took our yachts a challenging 36 hours to complete. However, our competitors gained a huge amount of confidence and experience, finishing 4th and 5th in their class with TS Sir Stelios awarded the prize for the youngest crew.

Southampton International Boat Show – September 2024

Marine Society had the pleasure of attending the British Marine 'Apprentice of the Year Award' graduation awards ceremony for which three of our marina and boatyard operative apprentices had been nominated – a great achievement in their first year. One of the three, Oli Rickard, 24, subsequently won the ViewHR award for Apprentice of the Year at the New Forest Brilliance in Business Awards.

Trafalgar Parades – October 2024

Windsor and Eton Unit celebrated its 125th anniversary on 13 October, having been formed (as the very first Navy League Sea Cadets Unit) thanks to a donation from Queen Victoria in 1899. His Majesty King Charles III graciously permitted a grand muster in the quadrangle of Windsor Castle, where 640 cadets from across Southern Area were honoured to be inspected by Admiral Sir James Perowne KCVO KBE. Our National Trafalgar Day Parade on 20 October saw 400 cadets and volunteers overcome wet and windy conditions to entertain hundreds of spectators with a magnificent display of drill and musicianship in Trafalgar Square.

Royal Marines 360th anniversary voyage – October 2024

Our Offshore Team organised a special TS Jack Petchey voyage to celebrate the 360th anniversary of the Royal Marines on 28 October. Cadets visited the Warsash memorial to D-Day Commando Units before taking part in 'Exercise Coastal Guardian' – a week of complex amphibious exercises, including missions with the 17 Port & Maritime Regiment of the Royal Logistics Corps and Hampshire & Isle of Wight Police Marine Support Unit.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Marine Society Matrix Assessment – October 2024

After vigorous preparation and evidence collection, Marine Society was assessed for Matrix Quality Standard to evaluate the provision of information, advice and guidance (IAG). We were judged to be maintaining the

Standard and received a glowing commendation from the Matrix assessor for our dedication to supporting seafarer welfare and the level of IAG services that we provide.

National Remembrance Ceremonies – November 2024

The Sea Cadet Corps was privileged to have its first ever plot in the Westminster Abbey Field of Remembrance, where CEO Martin Coles CBE and Deputy Staff Recreation Officer, Lt Cdr (SCC) Ray Mitchell RNR, placed 53 wooden crosses – each representing a former sea cadet or volunteer who had died in conflicts or in service. Their sacrifice was honoured in a special ceremony organised by Eastern Area cadets and volunteers, who later represented the Corps at the Royal Albert Hall's Festival of Remembrance and the National Remembrance Service at the Cenotaph.

National First Aid competition – November 2024

Our teams of cadets and young volunteers demonstrate excellent First Aid skills under pressure at the Manchester Fire & Rescue Service Training Centre in Bury. The cadet and young adult teams from Milton Keynes Unit both won their categories in the SCC event, with the young adults achieving bronze medals in the following day's Inter-Service competition.

CGI Innovate Challenge winners – December 2024

Crewe, Newark, Stroud and Swindon Units were announced as winners of the Sea Cadets 2024 Innovate Challenge. The global technology company CGI had partnered with MSSC to set cadets a mission to design an imaginative and engaging way of learning about information systems. CGI praised the innovative concepts submitted and the problem-solving and teamwork of cadets, awarding each winning team a £1,000 digital grant to bring their ideas to life. The four successful units also visited CGI offices, where they explored real-world applications of information systems in mission-critical environments and learned how to programme small robots.

Cadet Conference – February 2025

Planned and facilitated by our National Cadet Voice teams at Weymouth, almost 1,000 cadets joined in with for online Cadet Conference 2025 from their units or homes. Cadets discussed ways to improve their digital experience and progression through the Corps before holding Q&A sessions with MSSC's Senior Management Team.

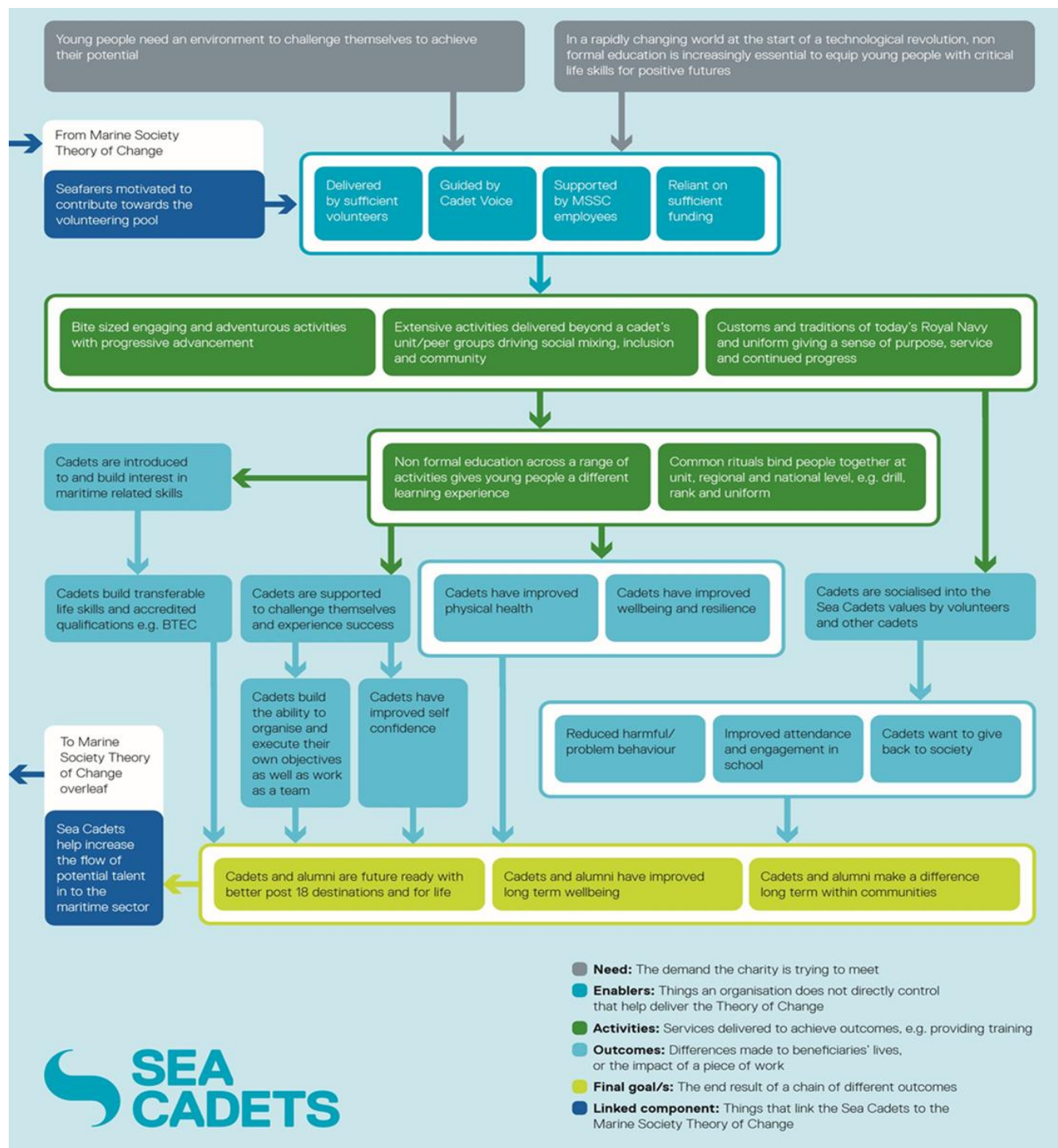
Keel-laying ceremony for HMS Dreadnought in Barrow – March 2025

In a very proud day for Sea Cadets, Barrow Unit represented the Corps at the keel-laying ceremony for the submarine HMS Dreadnought at BAE Systems' shipyard. With terrific music provided by Scarborough Unit's band, the event saw cadets and volunteers meet VIP guests including Prime Minister Keir Starmer and Defence Secretary John Healey MP, while winning praise for their smartness and professionalism from Royal Navy dignitaries.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

SEA CADETS THEORY OF CHANGE

Our theory of change illustrates how our interventions build to deliver immediate and enduring positive impacts for young people.



REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

OUR IMPACT: How Sea Cadets changes young people

Based on 2,337 responses to our 2024/25 Impact Report survey of cadets

ENHANCING LIFE SKILLS, CONFIDENCE AND WELLBEING

Sea Cadets has improved:

- My ability to work with others in a team - **89%** of cadets surveyed agreed (up from 77%)
- How well I communicate with others **83%** (up from 81%)
- My ability to plan for the future **70%** (up from 63%)
- My physical health **61%** (down from 75%)
- My skillset for later life **86%** (new measure)

Sea Cadets:

- Makes me feel empowered **73%** (no change)
- Prepares me well for when times are tough **72%** (up from 61%)
- Is a supportive environment **90%** (up from 88%)
- Helps me to stop getting in trouble at school, or with the police **47%** (down from 48%)

ACHIEVING PERSONAL GROWTH THROUGH THE SEA CADETS VALUES

Respect

- Sea Cadets has made me better at listening to the views of others **78%** (up from 71%)
- Sea Cadets has made me more likely to help other people **84%** (up from 80%)

Loyalty

- I feel connected to Sea Cadets **85%** (up from 83%)
- Sea Cadets has increased my involvement with my local community **77%** (up from 65%)

Self-discipline

- Sea Cadets has increased my willingness to work hard **79%** (up from 77%)
- Sea Cadets helps my young person do better at school 74% and improves their attendance 42% (parent/carers responses)

Commitment

- Sea Cadets has increased my motivation to take part in things **85%** (up from 83%)
- Sea Cadets has improved my ability to make decisions and see them through **69%** (no change)

Honesty & integrity

- Sea Cadets has made me feel that other people can count on me **76%** (up from 70%)
- Sea Cadets has helped me to tell the truth, even when it is hard **66%** (up from 58%)

Courage

- Sea Cadets has helped me to stand up for things I believe are right **75%** (up from 67%)
- Sea Cadets has reduced my involvement in risky or anti-social behaviour **49%** (up from 43%)

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2025**



THE SEA CADETS EXPERIENCE



**Sea Cadets
12–18yrs**



**Royal Marines Cadets
13–18yrs**



**Junior Sea Cadets
9–12yrs¹**

**0–2 years
(NEC–CFC)²**

**2–4 years
(CFC–AC)**

**4–6 years
(AC–POC)**

**0–1 year
(REC–RMC)**

**1–3 years
(RMC–LCPL)**

**3–5 years
(LCPL–SGT)**

**0–3 years
(JC–LJ)**

Sea Cadets values³ are woven into our training

	Basic	Int	Adv	Basic	Int	Adv	Sea Cadets life skills	Intro
Sea Cadet life skills								
Cadet training Prog/Syllabus ⁴	Basic	Int	Adv	Basic	Int	Adv	Learning about your unit	15 modules
Specialisation (e.g. Marine Engineering)	1	1	1				Outdoor activities	15 modules
Proficiency (e.g. Musician)							Waterborne activities	15 modules
Waterborne proficiency	1	1	1	1	1	1	Community activities	15 modules
Boating (Hours effort)	60hrs	60hrs	60hrs	30hrs	60hrs	60hrs	Boating (Hours effort)	90hrs ⁵
Offshore voyages		1	1		1	1	Participation Awards (Waterborne and STEM ⁶)	2
BTEC		✓	✓		✓	✓		
Event or competition	✓	✓	✓	✓	✓	✓		
RN or RM event	✓	✓	✓	✓	✓	✓		
DofE Award: (Bronze, Silver, Gold)	✓	✓	✓	✓	✓	✓		
(RMC) Skill at Arms Training				1	2	2		
(RMC) Shooting				1	1	1		

Key

1	Numbers show the amount of qualifications, modules, hours, events or training days
Int	Basic Intermediate Advanced
	Optional courses
✓	Supported activity

**SEA
CADETS**

1. Nine year olds currently limited to targeted locations.
2. Ranks and rates of cadets.
3. The Sea Cadet values are respect, loyalty, self-discipline, commitment, honesty & integrity and courage.
4. Is the foundation of the experience, delivered at units.
5. Based on three year experience at 30hrs per year.
6. Science, technology, engineering and mathematics.



Marine Society & Sea Cadets, a charity registered in England and Wales 313013 and in Scotland SC037608

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

OUR IMPACT: what the Sea Cadets Experience delivered for young people in 2024/25

Overall statistics on activities delivered in 2024/25:

- Total boating hours: **423,523**
- Boating hours per cadet: **30.3**
- Cadets experiencing a week-long voyage via our offshore fleet: **1,591**
- Total beyond unit training days: **56,802** (4 per cadet)
- Total qualifications awarded: **31,966**
- Qualifications per cadet: **2.3**
- BTEC vocational qualifications: **338**
- Duke of Edinburgh's Awards completed: **315** – including **12** Golds

Cadet feedback on the Sea Cadets Experience [from the 2024/25 impact survey]

- I have taken part in lots of different activities through Sea Cadets **84%** (down from 85%)
- I find Sea Cadets training engaging **86%** (no change)
- I can get useful qualifications from Sea Cadets **89%** (down from 92%)

Future prospects

- **72%** of parents/carers (up from 67%) felt Sea Cadets would help their young person join the maritime sector.
- **75%** of parents/carers felt Sea Cadets would help their young person join the Royal Navy.
- **77%** of parents/carers (up from 73%) felt Sea Cadets would help their young person find a job.
- **58%** of cadets said they had been helped to know what sort of job they wanted to do.

Cadet Sharlize, Southern Area, on the impact of her Sea Cadets Experience:

"During my time as a Sea Cadet, each course and event I have attended has taught me something and allowed me to gain a new transferrable skill. Whether it be my Cadet Drill Instructors that really installed self-discipline, or my First Aid which influenced quick-thinking. My favourite thing about being a Sea Cadet is the wide variety of courses and events which the organisation has to offer. From attending offshore vessels, to being a part of the National Cadet Voice Team, to gaining different qualifications, to attending area & district camps, to being selected as a Cadet Trustee and achieving my RYA Intermediate Powerboating!

Not only have I pushed myself through barriers I thought I would never break, and been taught crucial and valuable life lessons, I have been lucky enough to form a close-knit group of friends. Being a Sea Cadet has given me hundreds of moments and memories that I could never have gained from anywhere else."

Cadet Daniel, Northern Area, on the impact of his Sea Cadets Experience:

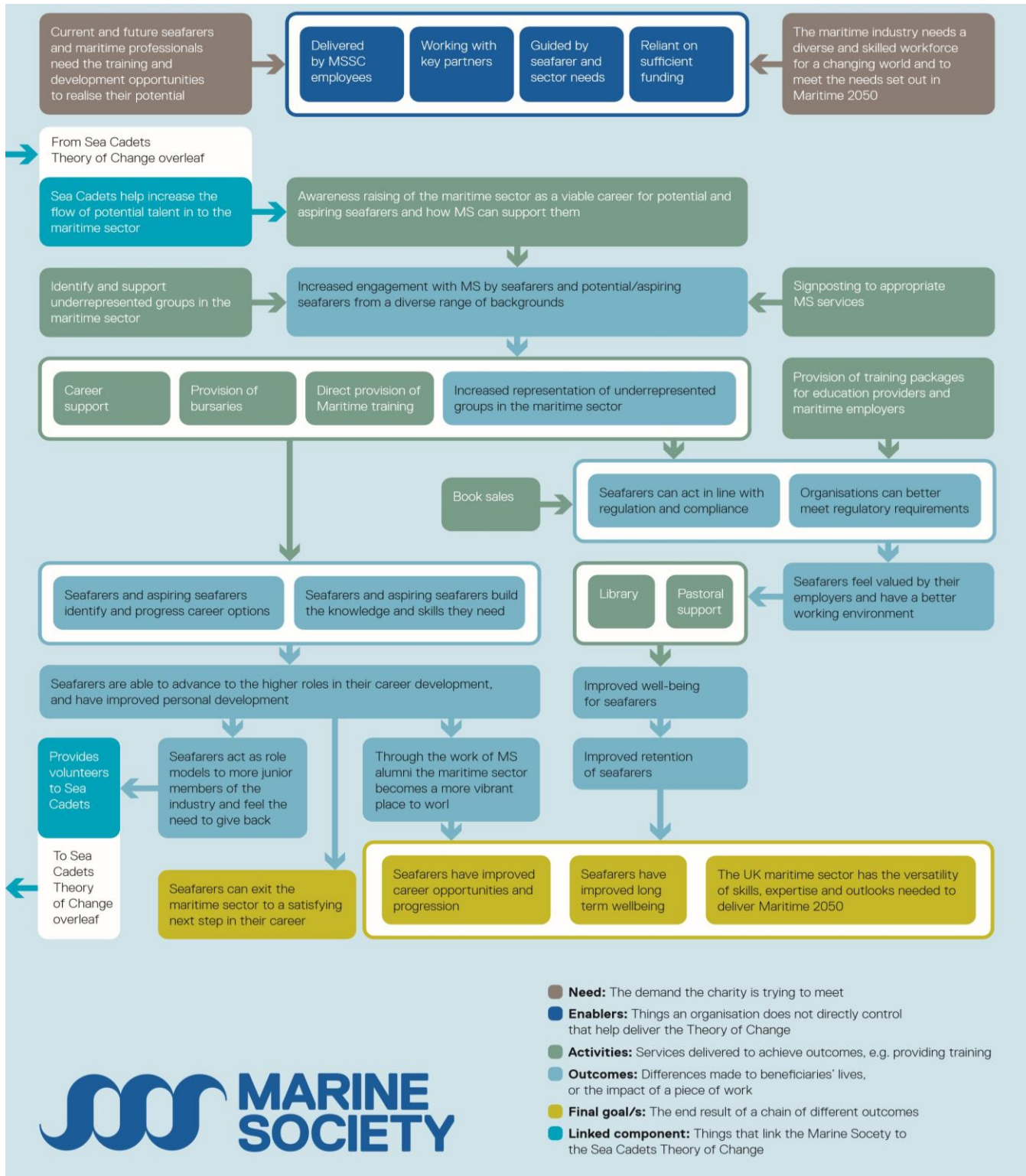
"Sea Cadets has introduced me to many new activities, including Seamanship and Marine Engineering, and has contributed massively towards my personal development – particularly my confidence and leadership skills. Being a sea cadet teaches us the importance of self-discipline, working as a team and working for the good of the community. It is also a great way to experience the challenges of the Duke of Edinburgh's Award, and I am in the process of working towards my silver.

Most importantly, Sea Cadets lets us enjoy activities that we might not have had the opportunity to try before, for example, sailing on our tall ship TS Royalist. When I finish my journey as a cadet, I want to become an instructor, and help others find their passions and achieve their potential. My unit has helped me make lifelong friends and given me memories which will stay with me always."

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

OUR THEORY OF CHANGE FOR MARINE SOCIETY

The following diagram shows how we engage and support current and future seafarers and maritime professionals, delivering immediate impact and enduring benefits for them and the maritime sector.



REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

OUR IMPACT: how Marine Society helps seafarers change their lives

Changing lives – in numbers:

7 Coming Ashore mentees securing jobs onshore

10 seafarers furthering careers in the offshore energy with support from our Green Skills Bursary

46 ratings achieved their first Certificates of Competency supported by the Slater Fund

290 hours of one-to-one mentoring delivered to seafarers, a 42% increase on 2024/24

Seafarer feedback on Marine Society support

“With their funding and continued support throughout my studies, Marine Society have always been there working hard in the background. The Slater Fund is an amazing opportunity for seafarers who are going for that first certificate of competency – it’s changed my career for the better. Marine Society made it possible to get past obstacles and achieve my dream.”

Dean Hodgson, Slater Award Winner 2024

“The Coming Ashore programme has taught me a sense of accountability and time management. I learned to prioritise my goals and make time to achieve my objectives. I meet my mentor once a month for an hour and I am free to dial in at any moment. All I can tell is that my mentor is very open, experienced and knowledgeable. He is patient and knows how to keep me motivated to focus.

The programme eliminated the fear of how to face the job market; I gained interpersonal skills and knowledge and grew from merely trying to gain an understanding of a seafaring career to a confident Superintendent in the making.”

Joanna Kafe, Coming Ashore mentee

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

OUR FUTURE READY PLAN FOR 2025/26

Our top 10 goals for 2025/26 are centred around delivering or supporting growth – whether that is by increasing the number of young people inspired through Sea Cadets, or the opportunities we offer to current and potential seafarers. As ever, our goals also prioritise support for volunteers and employees – the people who make everything we do possible. Together, we will work to ensure MSSC remains a modern and resilient charity which can deliver lasting change for its beneficiaries.

MSSC's top 10 goals for 2025/26

OUR OFFER

1 Training increased

- 125+ Air Rifle Centres/Unit Drill Hubs operating
- Regional Shooting Hub network operating

2 More training delivered at district level

- 45%+ of beyond unit training delivered at district

3 Cadet Voice further increased

- 60%+ of units holding regular cadet forums

4 Cadet Royal Navy engagement increased

- 30%+ of cadets offered the opportunity to meet the Royal Navy
- 2+ specialisations/proficiencies updated to reflect today's Royal Navy
- Virtual spotlight sessions delivered by RN Attract Team
- Pilot Royal Marines experience course delivered

5 Maritime career opportunities for cadets increased

- 2+ regional careers fairs held
- Maritime careers embedded in cadet training programme
- Level 1 Maritime Studies enrolment launched

6 Marine Society College offer further developed

- 20+ additional apprentices enrolled
- RYA Yachtmaster course developed
- Coming Ashore programme grown

OUR PEOPLE

7 Volunteers and employees further supported

- Volunteer mentoring programme framework developed
- District leadership and management course further developed
- 30+ employees provided management and leadership training

INCLUSION & GROWTH

8 Offering Sea Cadets to even more young people

- 1,500+ more cadets
- 17+ new sections/units opened

9 Our approach to EDI further progressed

- Virtual EDI training course delivered to all volunteers
- Area EDI leads appointed and trained
- New Sea Cadet Promise launched

ENABLERS

10 Essential support delivered

- TS Royalist 10-year refit completed, fully funded via appeal
- Trinity 500 in production and available for purchase
- Updated Unit Review implemented
- £2.8m+ fundraising delivered

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

MSSC'S LAMBETH ROAD, LONDON PREMISES

The former MSSC building and land at 202 Lambeth Road was sold in 2024/25 and the funds added to the endowment fund.

CHARITY OBJECTS

The objects of the Marine Society & Sea Cadets (MSSC), a charity registered in England and Wales 313013 and in Scotland SC037808, are set out in its governing instruments which are based on the Act of Incorporation of 1772, the Charities (Marine Society) Order 1976 No 147 and subsequent Charity Commission schemes, the latest being that dated 22 November 2004. The Objects of the charity are:

- to promote the development of young people in achieving their physical, intellectual and social potential as individuals and as responsible citizens by the provision of education and leisure time activities using a nautical theme
- to advance the education of seafarers in such ways as the Council shall determine but including (at the discretion of the Council) the following:
 - the provision in ships and on shore of a comprehensive library service in any media for the use of seafarers
 - the assistance of persons preparing for or entering upon a maritime career by the provision of training, the payment of fees, maintenance and other expenses and the making of loans
 - the award to seafarers of scholarships, bursaries and maintenance allowances tenable at nautical or other schools or training establishments
 - the making of grants or loans to nautical or other schools or training establishments which are charities or to other organisations established for charitable purposes only which provide facilities for and encourage young persons to become seafarers
- the advancement of the education of the public in maritime matters
- the promotion of scientific or other research of particular benefit to seafarers and the publication of the useful results of such research
- the provision in the interests of the social welfare of seafarers of facilities for recreation and other leisure-time occupation, being facilities which will improve their conditions of life and of which they have need by reason of their social and economic circumstances
- the relief of financial hardship among seafarers and their dependants

“Seafarers” used above is a term defined as:

- persons who have served, are serving, or intend to serve in the Royal Navy, the British Merchant Navy or fishing fleets or any other maritime career
- persons who are serving in the navies, merchant navies or fishing fleets of such other countries as the Council from time to time determines
- Members of the Sea Cadet Corps; and
- any other young persons considering or interested in a maritime career

“Sea Cadet Corps” (SCC) means properly constituted maritime cadet units that conform to the policies of Sea Cadet Regulations established by the charity and that are formally affiliated to it.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

HISTORY

The Marine Society was founded in 1756 by Jonas Hanway, a London-based philanthropist, with the aim of encouraging young men and boys of good character to join the Royal Navy at the start of the Seven Years' War. Incorporated in 1772, the Society commissioned in 1786 the first sea training ship in the world, the 350-ton Sloop *Beatty*, and went on to provide sea training all the way up to the Second World War. It was estimated that over 110,000 men and boys were trained and equipped by the Society over this period.

The Sea Cadets movement dates back to 1856 when sailors returning from the Crimean War started up 'Naval Lads' Brigades' in ports around the country. In 1910 the Navy League sponsored a small number of independent units, which received Admiralty recognition in 1919. In 1937 Lord Nuffield gave £50,000 to fund the re-launch and expansion of the Corps and five years later the Admiralty started to pay for uniforms, equipment, travel and training. In 1976 the Navy League was renamed the Sea Cadet Association. In 1963 the Girls' Naval Training Corps (GNTC), which had been formed in 1942 with objectives similar to those of the Sea Cadet Corps, became a partner organisation of the Sea Cadets, often sharing facilities. In 1980, the GNTC merged with the Sea Cadets, firstly as the Girls Nautical Training Contingent, until becoming fully absorbed in 1992. Girls and women currently make up over a third of all cadets and volunteers.

MSSC was formed in 2004 on the merger of The Marine Society and the Sea Cadet Association (SCA) with the merged organisation retaining the constitution of The Marine Society. The SCA (registered charity number 306141 & company number 404951) is now a subsidiary of MSSC.

PRINCIPAL ACTIVITIES

The activities broadly relate to those of promoting Sea Cadets activity and helping seafarers realise their ambitions.

The charity supports the maritime industry through the provision of Marine Society College activities, by promoting career opportunities in the maritime sector, upskilling seafarers using new technologies, whilst supporting others to transition ashore into maritime-related roles. As an approved Government-funded training provider and Ofsted-rating 'Good', Marine Society will build on its global reputation for supporting seafarers offering advice and guidance, scholarships, bursaries, apprenticeships, a growing range of post-16 to graduate courses as well as delivery of crew libraries and specialist book sales.

The charity acts as the franchisor for Sea Cadets units – local groups are constituted as separately registered charities. The charity sets Sea Cadets regulations, issues guidance and performs inspections to ensure that the highest of standards are maintained. It provides support in many other ways including provision of uniforms, equipment, onshore and offshore training and related travel, business and unit support and Disclosure and Barring Service (DBS) checks. The charity does not have overall control over the day-to-day operation of the individual units.

Sea Cadets units operate across the United Kingdom, with a total as at 01 April 2025 of 14,031 cadets (11,628 in England, 1,180 in Scotland, 680 in Wales, 300 in Northern Ireland and 243 overseas). There are 304 established units in England, 35 in Scotland, 20 in Wales and 11 in Northern Ireland, with a further two in Bermuda and one each in Jersey, Guernsey, Isle of Man and Malta. Within these units there are 1031 sections - 849 England, 90 Scotland, 54 Wales, 22 Northern Ireland, 2 Bermuda, 9 Channel Islands (Jersey and Guernsey), 2 Isle of Man and 3 Malta. The charity maintains six area offices, five based in England and one in Scotland, three national training centres, two in England and one in Scotland, eight boating stations, seven in England and one in Scotland, and an offshore fleet of five vessels, based in England.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

VOLUNTEERS

The charity relies extensively on volunteers to support the delivery of its training and other activities to Sea Cadets, and to serve as unit management team members (trustees) of Sea Cadets units. As at 01 April 2025 there were 4,775 adult instructional volunteers, 1,473 unit management team members and 2,441 other volunteers. In total 8,689 volunteers (6,917 in England, 733 in Scotland, 462 in Wales, 170 in Northern Ireland, 293 National and 114 overseas). We are extremely grateful for the generosity of time, huge commitment and can-do attitude of our volunteers in making the Sea Cadets the success that the organisation is.

KEY RISKS AND UNCERTAINTIES

The Council is responsible for management of the risks and uncertainties faced by the charity, assisted by senior staff. The Council undertook an annual review of the organisation's risk management process through the Safety, Safeguarding, Inclusion and Risk Committee in July 2023, and together with the Policy Development and Nominations Committee and the Financial Investments Audit and Remuneration Committee continued to monitor the charity's key risks throughout the year.

The charity's risk register operates at three principal levels; the Strategic Risk Register, the High Operational Risk Register and Departmental Risk Registers. Each risk identified is described, together with its indicators and mitigating factors in place, and its target and current mitigated scores based upon an impact and likelihood matrix. A commentary is also maintained by risks of actions in progress to further reduce the risk score, which may also be increased should risk circumstances change. All risks and their completeness is reviewed and revised by management and reviewed by the relevant committee, overseen by the Safety, Safeguarding, Inclusion and Risk Committee which meets three times a year.

The Council considers the key risks facing the charity to fall within the following areas:

- Safeguarding children and vulnerable adults
- Health & Safety
- Sufficiency of MOD Grant in Aid funding
- Lack of diversification of funding and support
- Sufficiency of financial reserves
- Public perception and reputation
- Stakeholder management, and in particular, key stakeholder support

The key mitigating 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
- Internal audit review of targeted areas
- External audit and other 3rd party verification agents

The Council is satisfied that key risks identified are adequately managed and these are reviewed by the full Council. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are adequately managed.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

FINANCIAL REVIEW

Income

Total income amounted to £23,562K (2024: £18,842K), an increase of 25% over the previous year.

Donations and legacies are £3,872K up on last year. This increase is due to the receipt of funds from the 202 Lambeth Road of £5,863k. Without this we would have decreased by £1,991k – mainly due to £2,100k received for Midlands Boat Station in 24/25.

We continue to remain sincerely grateful for the continued support provided by the MOD in helping finance the Sea Cadets through the grant in aid.

Expenditure

Total expenditure was £19,341K (2024: £18,620K).

The cost of safeguarding and supporting Sea Cadets activity and infrastructure increased by £244K – the majority in delivering RN Armaments Security project. The cost of Offshore increased by £335k – the majority due to the TS Royalist 10 year re-fit.

Net income and other movements

	£k
Sale of 202 Lambeth Road	5,863
RN Armaments Security Project	(877)
TS Royalist	(262)
Other	(729)
Net income increase in year	3,995

Overall, net movement in funds was £3,995K this is broken down to endowment funds 5,637k, restricted funds (£2,181K), Designated funds £655K and Unrestricted funds (£115K).

It has been the policy of the charity since 2012/13 to set aside long-term gains from its expendable endowment for current expenditure. The drawdown amounted to £960K (2024: £622K) based on an up to 4.0% agreed return set by the Trustees following advice from the investment managers.

Investment portfolio loss in the year was (£226K) (2024 Gain £847k).

Balance sheet

The value of investments portfolio increased by £6,919k – mainly due to the reinvestment of the proceeds of sale of the 202 Lambeth Road.

Cash at bank has decreased by (£2,815K) mainly due to expenditure on RN Armaments Security project and TS Royalist.

Total debtors have increased by £947K, mainly decrease in accrued income (£405k) (DCMS and Investment income), Trade Debtors (£213k), offset by an increase in Other Debtors of £638k which is predominately MOD Grant in Aid funding final month paid in 2025/26 and Prepayment of £926k.

Total creditors have increased by £762K, due to an increase in Accruals predominately due to RN Armaments Security project expenditure.

It is noted that the Net Current Assets currently are negative. However, this is just a timing issue, and any issue can swiftly be addressed using our cash investments.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

SAFEGUARDING POLICY

MSSC Safeguarding Policy Statement

'At Marine Society and Sea Cadets (MSSC) we recognise our responsibilities to ensure that in line with our duty of care we safeguard and protect the children & young people and adults at risk with whom we work, doing all we can to promote their safety, health, well-being and happiness. We continually strive to be a respected and trusted organisation where everyone feels safe to participate in all our activities and our cadets and adults understand their right to be-protected from all forms of harm.'

MSSC accords the utmost priority to the safety of vulnerable and groups and those groups & individuals with protected characteristics. All have the right to be free to work, learn and develop their potential without fear of discrimination or exclusion. All members of the MSSC will be valued and their rights to opportunity, protection and safety fully respected. This is underpinned by the charity's values and other supporting policies and procedures including our Equity, Diversity and Inclusion policies.

FUNDRAISING STANDARDS

Our Fundraising Approach

MSSC's fundraising activity is carried out entirely by its in-house fundraising team, with support from volunteers and local Sea Cadets units. We did not engage any professional fundraisers or commercial participators during the year. All fundraising was conducted by MSSC staff or trained volunteers, in line with our commitment to ethical, transparent and supporter-focused fundraising. We use a range of approaches to raise income, including applications to trusts and statutory funders, individual giving campaigns, corporate partnerships, and membership programmes. We also provide tools, training and guidance to help local Sea Cadets units fundraise safely and effectively in their communities.

Regulation and Standards

MSSC is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice, which sets the standards for fundraising across the UK. We are also committed to the four fundraising principles of being legal, open, honest and respectful, and our practices reflect this commitment.

We comply fully with the Charities (Protection and Social Investment) Act 2016, the General Data Protection Regulation (GDPR), and other relevant laws. We are pleased to confirm that no breaches of fundraising regulations or standards were identified during the year.

Our Fundraising Promise, which outlines the standards our supporters can expect from us, is publicly available on our website:

www.sea-cadets.org/our-fundraising-promise-to-you

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025 FUNDRAISING STANDARDS (cont)

Oversight and Governance

Responsibility for MSSC's fundraising rests with the Board of Trustees, supported by regular oversight from the Finance, Investment, Remuneration and Audit Committee. Day-to-day delivery is managed by the Director of Fundraising & Communications, who reports regularly to the Board on performance, compliance and risk.

All fundraising undertaken by staff or volunteers is governed by internal policies and reviewed regularly to ensure compliance with regulation and alignment with MSSC's values. Our team receives training on data protection, safeguarding, and respectful fundraising practices.

Protecting the Public and Vulnerable People

MSSC takes its responsibilities towards supporters who may be in vulnerable circumstances very seriously. All fundraisers are trained to recognise signs of vulnerability and to respond sensitively and appropriately. MSSC's dedicated safeguarding team is available to support and advise where concerns arise. We also honour donor preferences through full GDPR compliance and participate in the Fundraising Preference Service.

Complaints and Feedback

We are committed to openness and accountability in all interactions with supporters. MSSC operates a clear and accessible fundraising complaints policy, and all feedback is welcomed as an opportunity to learn and improve.

We are pleased to report that no complaints relating to fundraising were received during the year ending 31 March 2025.

Fundraising Performance

In the financial year ended 31 March 2025, MSSC raised £8,118K (23/24 £4,246K) through a variety of fundraising activities. Fundraising costs totalled £488K (23/24 £328K), resulting in a return on investment of £16.64 for every £1 spent (23/24 £12.95). This calculation includes the cost of centrally supporting units with their own local fundraising efforts and reflects a strong level of efficiency across both restricted and unrestricted income streams.

Looking Ahead

As we look to the future, MSSC will continue to uphold the highest standards of ethical fundraising. We remain committed to transparency, accountability, and delivering a positive experience for every supporter. Our fundraising will continue to evolve to meet the changing expectations of donors while helping us deliver our mission to launch young people for life.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

INVESTMENT POLICY

Cazenove manage the investment portfolio (excluding properties managed directly by the charity (£13m). KW Investment Management manage the treasury portfolio (£13m) – this includes the £6m from the sale of old HQ which will be transferred to Waverton in 2025. We also hold an investment property managed directly by the charity (£1.2m) (see Note 12).

The investment aims are to create sufficient income and capital growth to enable the Charity 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.

As such the current investment objective is to generate a minimum total return in excess of UK CPI plus 4% net of fees per year over rolling five-year periods.

The annual drawdown requirement is approximately 4% of the value of the Portfolio. The Assets are not permanently endowed, and the Portfolio is to be run on a total return basis with the drawdowns made up of dividend income and, when required, capital.

The Charity is prepared to take a “medium level” of investment risk relative to the risk profile of UK charities investors in general. As such, the expectation is that the Investment Managers will not take more than 85% of equity market risk, at any one time.

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	75	55	85
Bonds	10	0	20
Property	7	0	15
Alternative Investments	6	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.

Ethical considerations

The Trustees would like to invest in a responsible and sustainable way and therefore expect the investment manager to take into account ESG factors when making investment decisions, as well as a carbon aware approach.

Timing of returns and liquidity requirements

The investment horizon is ongoing and there are currently no planned significant future capital requirements from the Portfolio. The Client will update the Investment Managers in good time if capital drawdowns are required.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Performance

The Investment Managers will be measured against UK inflation (CPI) + 4% and the Arc Steady Growth Charity Index. This year the return was 3.7%.

The Trustees continue to monitor investment performance and are grateful for the assistance of the investment managers, Cazenove.

Review of investment managers

A tender exercise for the provision of investment management services to the charity was conducted in 2023, with the assistance of Independent Investment Reviews Ltd. Following a full and fair competition, Cazenove have been appointed and are suitably authorised persons within the meaning of the Financial Services and Markets Act 2000.

Waverton have been appointed to manage the funds raised from the sale of 202 Lambeth Rd.

RESERVES POLICY

Total funds at the year-end as detailed in note 18 were £41,383K, (2024: £37,389K). This is made up of :

£14,351K (2024: £16,533K) restricted funds. These are funds that have been given to us for specific purposes. Most significantly these include Fixed Asset funds to cover depreciation of Restricted Assets, Bursaries, Annual Funds, Branch and District funds. Specific funds are for Arms and Ammunition, maintenance and replacement of Offshore fleet and On the Water

£23,868K (2024: £18,231K) endowment funds. These funds were taken on as part of the merger between the Sea Cadets and the Marine Society and have been recognised as expendable endowment funds since then. We have added the £6m from the sale of 202 Lambeth Rd as this was also part of the merger agreement. We recognise the investments income as unrestricted, this drawdown amounted to £960K (2024: £622K) based on an up to 4.0% agreed return set by the Trustees.

£1,867K (2024: £1,214K) designated funds. These are for cadet outreach, boat station development, Weapons & Ammunition and future developments over the Future Ready strategy funded from the property transaction.

After accounting for intangible and tangible fixed assets of £570K (2024: £570K) this leaves unrestricted funds, comprising free reserves of £727K (2024: £842K).

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

The charity does not retain MOD grant monies as part of its reserves. The reserves policy of the charity is a risk based approach, meaning that the reserves reflect the risk of loss of specific income (see key risks page 22) and the risk of the most significant costs increasing. On the basis of this approach the trustees have agreed our free reserves target is **£2.4 million**. We have not met this reserves policy.

A breakeven budget has again been set in the current year. It is unlikely the charity will be able to meet its reserves targets and instead will have to rely on expendable endowment to act as a reserves buffer. The policy has clear dangers for the charity in the long term especially given the uncertainty market turmoil currently being experienced any drawdown that may be made will be kept to an absolute minimum. It is at the complete discretion of Trustees as to the level of support the charity will give to the Sea Cadet movement in the event of shortfalls in public funding.

GRANT MAKING POLICY

Grants awarded in 2025 amounted to £1,266K (2024: £1,271K) (Note 6). Individual Sea Cadets units are separate registered charities and thus financial support is paid via grants. The policy of the charity is to grant monies for one-off items to support the Sea Cadet Corps and individuals (members of the Sea Cadet Corps or seafarers) to help them either facilitate or receive approved training or qualifications. In addition, grants are provided to volunteers to allow upkeep or purchase of uniforms on promotion or for wear and tear during the year. Payments are made in accordance with published scales.

EMPLOYEE REMUNERATION POLICY

As a charity, it is important we achieve balance in ensuring value for money, including how we pay our employees, with the need to attract, motivate and retain the right people to ensure we are able to deliver our ambitious plans and so maximise our impact on our beneficiaries. Therefore, our principles are to pay fair salaries that are consistent with our commitment to equality and diversity; that we remain competitive within the industry and geographic location of the role; are appropriate for the level of responsibility; and are in keeping with our charitable status. Headcount is reviewed annually as part of our budgeting process.

Governance of Pay

The Council approves the Pay and Benefits Policy, and the Finance, Investments, Remuneration and Audit Committee is appointed as a committee of the Council to approve pay related matters. The Council delegates to this committee the annual pay review and determining the CEO and senior management team salaries. This committee meets quarterly.

Annual pay review

Salaries are normally reviewed annually and the pay review implemented in August. We benchmark salaries to ensure that we are paying appropriately and that we broadly fall within the mid-point for similar organisations. Where we find salaries that are not aligned, we adjust accordingly. There is no obligation to increase salaries, however if it is affordable and we have performed well, then a uniform inflationary increase may be applied. This is awarded to all staff, including senior staff, with the exception of those who have resigned. Salaries had an inflationary pay increase of 3% in August 2024.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2025**

PUBLIC BENEFIT

The Council members continue to give due regard to the public benefit provided by the charity in relation to its charitable purposes as set out in the activities and achievements outlined in this report and have given due consideration to guidance issued by the Charity Commission on this matter.

The aim of Sea Cadets activities is to give young people the best possible head start in life through nautical adventure and fun, based on the customs and traditions of the Royal Navy.

“Adventure that launches young people for life”

In order to achieve this, Sea Cadets units take young people from all backgrounds, including where possible those with disabilities and develop their skills and abilities by:

- Inspiring young people through regular and structured activities with a nautical theme
- Encouraging young people to take part in activities connected with the wider Sea Cadets movement, including inshore boating and offshore voyages, as well as events and competitions at District, Area and National levels
- Availability of formal externally recognised educational achievements whilst taking courses to earn badges and promotions

Charges are kept low in order to ensure all those who wish to take part in Sea Cadets activities may do so. Where further financial support is required for those on low incomes, a wide range of bursaries are available.

The aim of the Marine Society is to give aspiring and serving seafarers the best possible lifelong learning opportunities tailored to their individual needs.

“Realising Seafarer Potential”.

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

- Promoting career opportunities into the maritime sector
- As an approved Government-funded training provider with Ofsted-rating ‘Good’, offering advice and guidance, scholarships, bursaries, apprenticeships and a growing range of post-16 to graduate courses
- Delivering upskilling courses to aspiring and serving seafarers around the world through use of digital learning
- Supporting others to transition ashore into maritime-related roles.
- Providing a ship’s library service for seafarers at sea and specialist book sales.

The Council members are thus satisfied that the charity provides substantial public benefit.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

ORGANISATIONAL STRUCTURE AND GOVERNANCE

The charity is governed by a board of unpaid non-executive Council members who act as Trustees. Details of the Council Members who served during the year, and as at the date of this report, together with details of the executive management and professional advisors, are shown on pages 64-65.

The Council meets at least three times a year and is supported by members of the senior management team. Responsibility for reviewing key areas of activity is delegated to committees which report back to the Council meetings. The committees, with specific terms of reference, may also include specialist co-opted members as well as Council members to ensure that expert opinion is available. The day-to-day management of the charity and the exercising of executive responsibility are delegated to the CEO and senior management team. Meetings of the Council are also attended by one of our current First Sea Lord Cadets.

The current committees and their primary purposes are:

Finance, Investment, Remuneration & Audit Committee

- Oversees the financial affairs of MSSC, including management accounts, budgeting and the preparation of statutory accounts
- Formulates Investment policy and oversees the management of Investment assets
- Oversees and ensures the proper conduct of the internal audit process in accordance with Council requirements
- Oversees the remuneration, terms and conditions and performance review of MSSC's CEO and NCS senior management
- Oversees the appointment and remuneration of the external auditors and receiving reports from them

Policy, Development and Nominations Committee

- Develops and recommends strategy and policy for the optimum use of MSSC resources in order to fulfil its objects in the medium to long term (2 – 10 years)
- Advises Council on major strategic issues, especially those which do not fall within the remit of any other major committee, and for monitoring the implementation of MSSC's strategic plan, keeping it under review, and advising Council on its revision
- Considers and approves guidelines for fundraising and public profile strategies
- Nurtures and develops relationships with external stakeholders (including MOD, Skills Funding Agency (SFA) and public funding bodies) in order to maximise support
- Sets and monitors performance against established targets (KPIs)
- Undertakes a nominations function, in liaison with MSSC Chairman, for appointment to MSSC Council and the Committees

Safety, Safeguarding, Inclusion & Risk Committee

- Reviews the quality of services and activities undertaken by MSSC (and SCC) to ensure that they are safe (with particular consideration to the need to protect its young people), high quality, inclusive and appropriately risk assessed
- Ensures the maintenance of an effective system of integrated governance and risk management that supports the achievement of the organisation's objectives

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

ORGANISATIONAL STRUCTURE AND GOVERNANCE (CONT)

National Sea Cadets Forum (Known as National Cadet Voice Team)

- Composed of Sea Cadets, the forum supports the aims and objectives of the SCC, providing ideas and feedback to the MSSC from cadet forums at Area level. In the year, work continued to create cadet forums at District level to link in to the Area Cadet forum and in turn the National Sea Cadets forum.

National Sea Cadets Advisory Council (NSCAC)

- Primarily composed of representatives and volunteers of the SCC and MSSC management team. The council supports the aims and objectives of SCC and provides advice to its principal national sponsors. From 9 July 2014, the chair of NSCAC was invited to be a Trustee of MSSC for the period of office.

Appointment, induction and training of Council members

Council members (Trustees) are co-opted by the board and elected by the charity's members at the AGM following their appointment according to the provisions of the Society's Scheme. A Council member, who has previously been re-elected at an AGM, is eligible for re-election only with the prior approval of the Council. The Society's Scheme formally provides that one-third (rounded down) of the elected Council members shall retire at each AGM. 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.

The induction process for a new Council member comprises initial meetings with the Chairman and other members of the board, followed by meetings with the CEO and senior management team, through which the individual will be briefed on the remit of the charity and the powers and responsibilities of its Trustees. The charity aims to provide all new Council members with the information necessary to ensure that they are fully equipped to contribute to the organisation within their powers. Council members are informed of current and evolving issues within the sector by the senior management team.

Membership and Branches

The MSSC is a membership organisation and currently enjoys the support of some 600 members who pay an annual subscription to the Charity. MSSC has five (2024: five) branches within the United Kingdom made up of members of the charity who reside within its locality. The annual subscriptions of those living within the catchment area of a branch are returned to the branch committee to be applied for the benefit of local Sea Cadets units and MSSC initiatives. These branches are an active and welcome force in spreading the charity's message at a local level.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

THE CHARITY GOVERNANCE CODE

The Trustees have considered the new third edition of the Charity Governance Code for larger charities, published in July 2017 by the charity sector's The Code Steering Group (the Association of Chief Executives of Voluntary Organisations, the Association of Chairs, Small Charities Coalition, the Institute of Chartered Secretaries and Administrators: The Governance Institute, the National Council for Voluntary Organisations and the Wales Council for Voluntary Action). The code is supported and endorsed by the Charity Commission in England and Wales.

The code lays out principles for seven key areas of governance together with recommended practice for each principle; organisational purpose, leadership, integrity, decision making, risk and control, board effectiveness, diversity, openness and accountability.

The Trustees consider that the charity continues to comply with the principles of the code.

INTERNAL AUDITOR'S REPORT TO THE COUNCIL

The Internal Auditor reported to the Council in July 2025 as follows:

Based on the work performed during the year, it is the opinion of Internal Audit that MSSC has an adequate and effective framework of governance, risk management and control in place to support the organisation's objectives as laid out in its Vision and Strategy.

Following each audit engagement, actions to address any identified control weaknesses have been agreed with management and progress against these agreed actions are monitored by Internal Audit and reported to the Finance, Investments, Remuneration & Audit (FIRA) Committee on a regular basis. In the opinion of Internal Audit, no control weaknesses have been identified during the year which are of such significance to warrant specific disclosure in the Annual Governance Statement.

STATEMENT OF THE ACCOUNTING OFFICER

The Chief Executive Officer (CEO) as designated Accounting Officer in accordance with the current ten year Memorandum of Understanding with the MOD dated 13 December 2018, should ensure that MSSC and any subsidiaries to it or organisations sponsored by it, operates in respect of the GIA effectively and to a high standard of probity. The MSSC should in respect of the GIA:

Governance

- Have a governance structure which transmits, delegates, implements and enforces decisions
- Have trustworthy internal controls to safeguard, channel and record resources as intended
- Work cooperatively with partners in the public interest
- Operate with propriety and regularity in all its transactions
- Treat those with whom they deal fairly and honestly
- Offer redress for failure to meet agreed stakeholder standards; and
- Give timely, transparent and realistic accounts of the MSSC

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Decision-making

- Provide the Ministry of Defence (MOD) with clear, well-reasoned and timely information in accordance with the Memorandum of Understanding
- Make all its decisions in line with the strategy, aims and objectives of the charity
- Take a balanced view of the MSSC's approach to managing opportunity and risk

Financial management

- Comply with Public Sector Internal Audit Standards (PSIAS) in order that the Principal Accounting Officer may receive an annual assurance on risk management, governance and control
- Use its resources efficiently, economically and effectively, avoiding waste and extravagance
- Plan to use its resources on an affordable and sustainable path, with agreed limits
- Carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and seeking good value for money
- Use, where possible, management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments
- Avoid over defining detail and imposing undue compliance costs, either internally or on the charity's stakeholders and others with whom it deals

STATEMENT OF COUNCIL'S RESPONSIBILITIES

- Have practical documented arrangements for working in partnership with other organisations, as appropriate
- Use internal and external audit to improve its internal controls and performance

In order for the Chief Executive Officer to provide assurance on the above matters the following measures are in place:

- Delegated authorities are formally agreed by the Council under Financial Standing Orders. Part of these require CEO authorisation of all expenditure over £10,000 with three comparable quotations and a business plan required in respect of new projects with a value in excess of £10,000
- All payments are made from a single bank account or from approved centrally managed credit and debit cards
- An internal audit function performs regular reviews, following a three year audit plan based on the risk profile of the charity

The Council as Trustees are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations. Charity law requires the Council to prepare financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2025

Under charity law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net outgoing resources for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgments 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 presume that the charity will continue to operate.

The Council are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

A resolution to reappoint MHA will be tabled at the Annual Court.

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

On behalf of the Board:



Jeremy Penn
Council Member and Chairman

17 July 2025



Guy Holloway
Chief Executive Officer
& Grant in Aid Accounting Officer

17 July 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinion

We have audited the financial statements of The Marine Society & Sea Cadets (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Other information

The other information comprises the information included in the Report & Accounts of the Council other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Report & Accounts of the Council. Our opinion on the financial statements does not cover the other information

and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report & Accounts of the Council is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Council's Responsibilities, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place;
- Testing the operational effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: frc.org.uk/auditors-responsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees 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 charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



MHA

Statutory Auditor
London, United Kingdom

Date: **7/8/2025**

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted	Restricted	Endowment	2025	2024
		Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	619	1,636	0	2,255	4,246
Charitable activities	3	2,157	12,032	0	14,189	13,624
Other trading activities	8	34	0	0	34	32
Investments	4	1,221	0	0	1,221	940
Other income	1m	0	0	5,863	5,863	0
TOTAL INCOME		4,031	13,668	5,863	23,562	18,842
EXPENDITURE ON:						
Raising funds		663	0	0	663	389
NET INCOME AVAILABLE FOR CHARITABLE ACTIVITIES		3,367	13,668	5,863	22,899	18,453
Total charitable activity costs	5	3,484	15,195	0	18,678	18,231
TOTAL EXPENDITURE		4,147	15,195	0	19,341	18,620
Balance carry forward		(116)	(1,526)	5,863	4,221	222

The notes on pages 43 to 65 form an integral part of these accounts

¹ Donations and legacies includes unrestricted costs of raising both unrestricted and restricted income.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted	Designated	Restricted	Endowment	2025	2024
		Funds £'000	Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
NET INCOME (EXPENDITURE) BEFORE INVESTMENT GAINS (LOSSES) Brought Forward		(116)	0	(1,526)	5,863	4,221	222
Net gains (losses) on investments	12	0	0	0	(226)	(226)	847
NET INCOME (EXPENDITURE)		(116)	0	(1,526)	5,637	3,995	1,069
Transfers between funds	17 18	0	655	(655)	0	0	-
NET MOVEMENT IN FUNDS		(116)	655	(2,181)	5,637	3,995	1,069
TOTAL FUNDS 1 APRIL 2024		1,412	1,214	16,532	18,231	37,389	36,321
TOTAL FUNDS 31 MARCH 2025	15 18	1,296	1,868	14,351	23,868	41,384	37,390

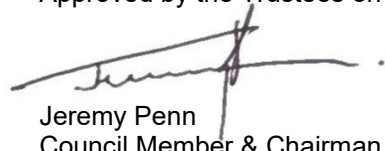
All amounts relate to continuing activities.

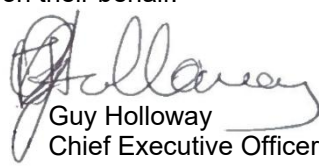
The notes on pages 43 to 65 form an integral part of these accounts

CONSOLIDATED BALANCE SHEET
31 MARCH 2025

			2025	2024
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		39	177
Tangible assets	11		15,286	15,169
Investments	12		27,135	20,216
			<u>42,460</u>	<u>35,562</u>
CURRENT ASSETS				
Stocks		191		463
Debtors	13	1,927		980
Cash at bank and in hand		2,626		5,442
		<u>4,744</u>		<u>6,885</u>
CREDITORS				
Amounts falling due within one year	14	(5,820)		(5,058)
NET CURRENT ASSETS (LIABILITIES)			<u>(1,076)</u>	<u>1,827</u>
NET ASSETS			<u>41,384</u>	<u>37,389</u>
THE FUNDS OF THE CHARITY	15-18			
Unrestricted funds				
Fixed assets		570		570
Other		727		842
		<u>1,297</u>		<u>1,412</u>
Designated funds	17	1,868		1,214
Restricted funds				
Fixed assets	15	7,724		5,630
Other	15	6,627		10,902
		<u>14,351</u>		<u>16,532</u>
Endowment funds	16	23,868		18,231
	18		<u>41,384</u>	<u>37,389</u>

Approved by the Trustees on 17 July 2025 and signed on their behalf:


Jeremy Penn
Council Member & Chairman


Guy Holloway
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 43 to 65 form an integral part of these accounts

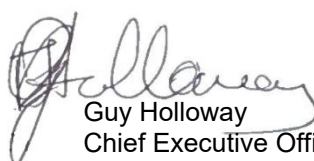
CHARITY BALANCE SHEET
31 MARCH 2025

			2025	2024
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		39	177
Tangible assets	11		15,286	15,169
Investments	12		27,140	20,221
			<u>42,465</u>	<u>35,567</u>
CURRENT ASSETS				
Stocks		191		463
Debtors	13	1,923		991
Cash at bank and in hand		2,619		5,396
		<u>4,733</u>		<u>6,850</u>
CREDITORS				
Amounts falling due within one year	14	(5,817)		(5,055)
NET CURRENT ASSETS (LIABILITIES)			<u>(1,084)</u>	<u>1,795</u>
NET ASSETS			<u>41,381</u>	<u>37,362</u>
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		570
Other		723		815
		<u>1,293</u>		<u>1,385</u>
Designated funds		1,868		1,214
Restricted funds	15			
Fixed assets		7,724		5,630
Other		6,628		10,902
		<u>14,352</u>		<u>16,532</u>
Endowment funds	16	23,868		18,231
	18		<u>41,381</u>	<u>37,362</u>

Approved by the Trustees on 17 July 2025 and signed on their behalf:



Jeremy Penn
Council Member & Chairman



Guy Holloway
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 43 to 65 form an integral part of these accounts

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2025

	Notes	2025 £'000	2024 £'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash (used by)/provided by operating activities	(a)	(1,553)	(273)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	4	50	76
Investment income	4	1,171	864
Purchase of fixed assets	10&11	(1,201)	(3,332)
Proceeds from sale of fixed assets		5,860	(1)
Purchase of investments	12	(25,110)	(8,004)
Proceeds from sale of investments	12	17,966	7,854
Net cash generated by/(used in) investing activities		(1,264)	(2,543)
INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND IN THE YEAR		(2,816)	(2,816)
CASH AT BANK AND IN HAND 1 APRIL 2024		5,442	8,258
CASH AT BANK AND IN HAND 31 MARCH 2025		2,626	5,442

NOTES TO CASH FLOW STATEMENT

		2025 £'000	2024 £'000
(a) Reconciliation of net income (expenditure) to Net cash flows from operating activities			
Net income/(expenditure)		3,995	1,069
Depreciation	10 & 11	1,061	1,167
(Gains)/losses on investments	12	226	(847)
Gains / (Losses) on the sale of tangible fixed assets		162	9
Sale of 202 Lambeth Road		(5,863)	0
Decrease in stocks		272	14
Decrease in debtors		(947)	(742)
Increase/(Decrease) in creditors		762	(3)
Interest received and investment income	4	(1,221)	(940)
Net cash (used by)/provided by operating activities		(1,553)	(273)

As the Group does not have any debt, an analysis of net debt has not been produced.

The notes on pages 43 to 65 form an integral part of these accounts

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2025

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 Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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 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 results of the charity and its subsidiaries are consolidated on a line-by-line basis after intercompany transactions and balances have been eliminated.

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.

Whilst one of the main charitable purposes of the Fund is to support the activities of Sea Cadets and seafarers, the level of this necessary expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Group's working capital and capital expenditure requirements. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

The key sources of estimation and/or judgement 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.

Legacies are recognised at the earlier of receipt, completion of estate accounts or notification by the executors of an estate of a distribution.

Income received from the sale of goods and service is recognised in the year the sale occurs or the good is provided. Income from training, events and offshore activities is recognised in the year the activity or event is delivered.

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES (CONTINUED)

c) Expenditure

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

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 on the basis of headcount (see note 9). Irrecoverable VAT is included in support costs as an overhead cost.
- 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) Definition of liquid resources

Liquid resources included on the cash flow statement are those held as cash at bank and in hand.

f) 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. The charity also makes contributions to a multi-employer defined benefit scheme in respect of former employees. These amounts are also written off as incurred together with any known commitments to fund the deficit of the scheme, where they relate to past service.

g) Intangible and tangible fixed assets

Capital items with a value over £5,000 are treated as fixed assets. Depreciation / amortisation is provided on all fixed assets to write off the cost of these assets over their expected useful life. The following straight line depreciation rates have been used:

Freehold buildings	1.66%	Boats and dinghies	10%
Freehold improvements	10%	Motor vehicles	25%
Leasehold improvements	Lease term	Furniture, Fixtures & Fittings	20%
Training ships and yachts	5%	Computers & software	25%

202 Lambeth Road continues to be treated in line with this policy during its current marketing for sale, pending exchange of contracts, following which it will be reassessed on a market value basis.

h) 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. The Trustees review the valuation of property investments for impairment every year and revalue the investments on a market basis at least every five years.

i) Stocks

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

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES (CONTINUED)

j) Endowment and Restricted Funds

Restricted 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. All monies received from the MOD are treated as restricted funds.

Designated funds for investments in future investments including boat stations and outreach work have been set up.

Endowment funds are classified as either permanent - 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. Alternatively, they may be expendable if they relate to those that were given where the intention was clearly for the donation to be held for the longer term but where the funds are ultimately expendable.

k) Heritage assets

The charity has received donations of various naval and maritime paintings and artefacts throughout its 265-year history. A number of these are housed at the National Maritime Museum in Greenwich and at Chatham Historic Dockyard in Kent. These assets are retained for their historical and cultural significance in relation to the work of the charity, which illustrate and show the unique service the charity has given to the nation. These heritage assets are not recognised on the balance sheet. They were either donated or acquired so long ago that reliable cost or valuation information is not available, and the cost of obtaining such information would outweigh the benefits to users of the financial statements. The charity does not hold these items for their financial value but for their contribution to its charitable objectives.

It is not the policy of the charity to obtain further artefacts but to preserve those of heritage significance that it owns, which it does with the help of the National Maritime Museum. Alongside the planned relocation of the national offices of the charity, the Trustees reviewed the artefacts held and determined those that should be held for posterity, those that should be gifted to relevant museums and those to be sold. Effecting this is ongoing. No material artefacts have been acquired in the last five years.

l) 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 assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors, and accrued income. Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals. Income arising from financial assets, comprising bank interest is recognised within income and expenditure.

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. Investments in subsidiaries are held at cost less impairment.

m) Sale of 202 Lambeth Road

During the year £5,863k was received from the sale of 202 Lambeth Road.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

2. DONATIONS AND LEGACIES

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
2024/25 analysis of income				
Donations and subscriptions	78			78
Legacies	12			12
Other Major Grants ¹		687		687
Boat station appeals		7		7
Bursaries ²		195		195
Other restricted funds ³		628		628
Areas, Branches and Other Income	529	119		648
	619	1,636	0	2,255
2023/24 analysis of income				
Donations and subscriptions	80	-	-	80
Legacies	173	-	-	173
Other Major Grants ¹	-	819	-	819
Boat station appeals ²	-	2,150	-	2,150
Bursaries	-	156	-	156
Other restricted funds ³	-	210	-	210
Areas, Branches and Other Income	553	105	-	658
	806	3,440	-	4,246

Other Major Grants ¹

Mainly grants from Department for Culture, Media and Sport (DCMS)

Bursaries ²

Include major donation from Michael Uren Foundation and Jack Petchey Foundation

Other Restricted Funds ³

Include major donations from Conrad Blakey OBE RD JP, Nicholas Ferguson, RNVR Officers' Association, Shipwrights, ITF Seafarers' Trust, Michael Uren Foundation, Stelios Philanthropic Foundation, Trinity House, Gosling Foundation, Kilfinan Trust, EBM Charitable Trust, BGS Cayzer Trust, BMT Group, Foreland Shipping, London Insurance Market Trust, Wyfold Trust and Square Rigger Club

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2025	2025	2025	<i>2024</i>	<i>2024</i>	<i>2024</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
MOD grant in aid		12,032	12,032	-	11,577	11,577
MOD other grants					431	431
Seafarer education and support	552		552	404	0	404
Sea Cadet Corps training	891		891	716	-	716
Offshore fleet income	714		714	496	-	496
	2,157	12,032	14,189	<i>1,616</i>	<i>12,008</i>	<i>13,624</i>

In addition to the MOD grant in aid (for Sea Cadets activity), the charity receives significant support in kind from the MOD. Eleven Royal Navy personnel are provided on loan, six area offices, three Sea Cadets training centres, Sea Cadets stores, the offshore offices and berthing facilities are also provided at MOD premises, together with ad hoc use of MOD training estate. Fuel for the offshore vessels from Royal Navy sources, some uniforms and various specialist stores items are also provided by the Royal Navy. These are specialised supplies and so there is no commercial value or open market valuation.

4. INVESTMENTS

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2025	2025	2025	<i>2024</i>	<i>2024</i>	<i>2024</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment income (excluding Rental income)	960		960	622	-	622
Rental income	211		211	242	-	242
Bank interest	50		50	76	-	76
	1,221		1,221	<i>940</i>	<i>-</i>	<i>940</i>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

5. ANALYSIS OF EXPENDITURE

	Unrestricted 2025	Restricted 2025	Total 2025	<i>Unrestricted 2024</i>	<i>Restricted 2024</i>	<i>Total 2024</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Safeguarding, supporting Sea Cadets activity & infrastructure	1,278	8,578	9,856	<i>1,084</i>	<i>8,529</i>	<i>9,613</i>
Sea Cadet Corps training	1,195	3,177	4,372	<i>1,637</i>	<i>2,892</i>	<i>4,529</i>
Offshore fleet	273	2,883	3,155	<i>269</i>	<i>2,552</i>	<i>2,821</i>
Professional seafarer education and support	651	122	774	<i>574</i>	<i>92</i>	<i>666</i>
Promoting Sea Cadets activity	85	435	520	<i>80</i>	<i>522</i>	<i>602</i>
	3,484	15,195	18,678	<i>3,644</i>	<i>14,587</i>	<i>18,231</i>

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2024/25 analysis of costs					
Investment management fees	0	0	145	0	145
Fundraising		317	70	102	488
MSSC (Trading) Limited			31		31
Safeguarding and supporting Sea Cadets activity and infrastructure	848	3,940	3,566	1,502	9,856
Sea Cadet Corps training	-	1,418	2,010	945	4,373
Offshore fleet	388	1,170	1,277	321	3,156
Professional seafarer education and support	30	330	356	58	774
Promoting Sea Cadets activity		202	205	112	520
	1,266	7,377	7,659	3,039	19,341

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

5. ANALYSIS OF EXPENDITURE (CONTINUED)

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2023/24 analysis of costs					
Investment management fees	-	-	57	-	57
Fundraising	-	211	43	74	328
MSSC (Trading) Limited	-	-	4	-	4
Safeguarding and supporting Sea Cadets activity and infrastructure	618	3,847	3,582	1,566	9,613
Sea Cadet Corps training	84	1,809	1,616	1,020	4,529
Offshore fleet	12	981	1,439	389	2,821
Professional seafarer education and support	15	287	295	69	666
Promoting Sea Cadets activity	-	238	219	145	602
	<u>729</u>	<u>7,373</u>	<u>7,255</u>	<u>3,263</u>	<u>18,620</u>

Other costs include all direct expenditure in relation to areas, branches, onshore and offshore activities.

6. GRANTS PAYABLE

Grants payable were as follows:

	2025 £'000	2024 £'000
Grants to institutions	750	739
Grants to individuals	516	532
	<u>1,266</u>	<u>1,271</u>

Individual grants given are small and not material within the overall total.

Grants to institutions comprise grants made to Sea Cadets units to reimburse expenditure towards premises, minibuses, junior units and emergency needs. It also includes the provision of boats and equipment to units and unit hubs.

Grants to individuals comprise grants to Sea Cadets volunteers for uniforms and bursaries for cadets to take part in activities.

Support costs in relation to grants payable are included within note 7 below.

Grants payable at the year-end are included with creditors (see note 14).

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

7. SUPPORT COSTS

The support costs of the charity consist of four elements: Management, Finance & Digital, Premises, and Human Resources. These costs have been apportioned across the work of the charity on the basis of staff numbers in each functional area. The apportioned costs are set out below:

	Fundraising	Safeguarding and SC Infrastructure	Sea Cadets Training	Offshore fleet	Professional seafarer education and support	Promoting Sea Cadets activity	2025 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management	6	73	46	16	3	5	148
EDI	3	43	27	9	2	3	88
Finance and Digital	41	730	459	156	23	60	1,470
Premises	20	257	162	55	12	17	524
Human Resources	24	305	192	65	14	21	621
Governance	7	93	59	20	4	6	189
2025	102	1,502	945	321	58	112	3,039

Included within Support costs are salary costs of £1,534K (2024: £1,382K).

Irrecoverable VAT costs included within Support costs amounted to £144K (2024: £107K).

Total Governance costs included in Support were £189K (2024: £244K). These included auditors' fees for external audit £18K (2024: £63K) and tax advice £8K (2024: £17K).

	Fundraising	Safeguarding and SC Infrastructure	Sea Cadets Training	Offshore fleet	Professional seafarer education and support	Promoting Sea Cadets activity	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management	8	124	81	31	8	9	261
EDI	3	47	31	12	3	4	100
Finance and Digital	13	656	427	162	12	76	1,346
Premises	23	346	225	86	22	26	728
Human Resources	19	277	181	69	17	21	584
Governance	8	116	75	29	7	9	244
2024	74	1,566	1,020	389	69	145	3,263

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

8. SUBSIDIARY ORGANISATIONS

The Sea Cadet Association is a charitable company registered in England and Wales (company number Number 00404951 and Charity Number 306141). The charity was dormant in the current year and both net income and net assets/funds for the year were £nil (2024: net income and net assets/funds: £nil). The organisation is retained as it is counterparty to a number of leases held by Sea Cadets units and also acts as a vehicle for the receipt of occasional legacies.

MSSC (Trading) Limited is registered in England with company number 09476222. The charity has a £5K (2024: £5K) investment in MSSC (Trading) Limited (note 12), representing 100% of the issued share capital of that company. The results of the company for the year and its balance sheet at the year end were as below. The company made a charitable donation in the year of £27K (2024: £24k) to the charity. The company anticipates making a charitable donation to the charity of £3k in 2024/25 based on profits earned in 2024/25. Year-end net assets stand at £8K (2024: £32K).

	2025 £'000	2024 £'000
Turnover	7	31
Purchases for resale	-	-
Other operating charges	(4)	(4)
Profit on Ordinary Activities before taxation	3	27
Taxation	-	-
Profit on Ordinary Activities after taxation	3	27
Retained profit at 1 April 2023	-	-
Charitable donation to the Marine Society & Sea Cadets	(3)	(24)
Retained profit at 31 March 2024	-	3
	2025 £'000	2024 £'000
Current Assets		
Debtors	8	25
Cash at bank and in hand	8	46
	16	71
Creditors		
Amounts falling due within one year	(8)	(39)
Net Current Assets	8	32
Net Assets	8	32
Capital and Reserves		
Called up share capital	5	5
Profit and loss account	3	27
	8	32

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

9. STAFF COSTS

	2025	2024
	£'000	£'000
Wages and salaries	7,545	7,468
Social security costs	697	683
Pension fund contributions	531	498
Health insurance	139	128
	8,912	8,777

The figures above include £88k for nine settlement agreements concluded in the year related to redundancies. £69k were contractual payments and £19k non-contractual paid as part of the consultation. The average head count was 195 staff (2024: 207) and the average full time equivalent numbers of employees were as follows:

	2025	2024
Fundraising	7	6
Supporting Sea Cadets activity and infrastructure	89	83
Sea Cadets training	56	62
Offshore fleet	19	22
Promoting Sea Cadets activity	4	6
Seafarer education and support	6	7
	181	186

Included within staff costs are £1,535K (2024: £1,382K) support costs.

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the six (2024: six) Directors in post (senior management team) listed under Executive Management on page 64. Their total remuneration, (including those not in post at the year-end), including social security costs and pension contributions was £825K (2024: £756K). The Trustees did not receive any remuneration from the charity during the year but were reimbursed for some travel costs, where they chose to claim. Five (2024: Four) Trustees claimed travelling expenses totalling £1.5K (2024: £1.0K).

15 employees earned over £60K (2024: twelve). Bandings:

	2025	2024
£60K - £70K	6	5
£70K - £80K	1	2
£80K - £90K	3	3
£90K - £100K	1	1
£110K - £120K	1	*1
£140K - £150K	1	0

* These figures include pension allowances paid to one individual (2024: one) in lieu of employer pension contributions that would otherwise be payable but not shown within remuneration.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

10. INTANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Computers & software	Total
	£'000	£'000
COST		
At 1 April 2024	1,672	1,672
Additions in period		
Disposals in period	(474)	(474)
At 31 March 2025	1,198	1,198
AMORTISATION		
At 1 April 2024	1,495	1,495
Provision in period	139	139
Disposals in period	(474)	(474)
At 31 March 2025	1,159	1,159
Net book value		
At 31 March 2025	39	39
<i>Net book value</i>		
<i>At 31 March 2024</i>	<i>177</i>	<i>177</i>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

11. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Freehold building	Building improve- ments	Ships & boats	Furniture & fittings	Motor vehicles	Computers	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST							
At 1 April 2024	717	12,236	11,096	367	422	115	24,953
Additions in period		1,147	13	35		6	1,201
Disposals in period	(717)	(742)	(10)	(275)	(40)	(48)	(1,832)
At 31 March 2025	-	12,641	11,099	127	382	73	24,322
DEPRECIATION							
At 1 April 2024	639	2,233	6,103	336	379	94	9,784
Provision in period		339	520	13	35	15	922
Disposals in period	(639)	(676)	(11)	(263)	(32)	(49)	(1,669)
At 31 March 2025	-	1,896	6,612	86	382	60	9,037
Net book value At 31 March 2025	-	10,745	4,487	42	0	12	15,286
<i>Net book value At 31 March 2024</i>	<i>78</i>	<i>10,003</i>	<i>4,993</i>	<i>31</i>	<i>43</i>	<i>21</i>	<i>15,169</i>

At the year end, building improvements include assets under construction £NilK (2024: £3,626K). These are not depreciated until complete. During the year, £3,626k (2024: £Nil) of assets previously classified as assets under construction within building improvements were completed. These assets were brought into use and are now being depreciated over their estimated useful lives in accordance with the Group's depreciation policy. The majority of the disposals relate to the sale of 202 Lambeth Road.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

12. INVESTMENTS
GROUP INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Total £'000
Fair value at 1 April 2024	<u>19,001</u>	<u>1,200</u>	<u>15</u>	<u>20,216</u>
Additions at cost	25,081			25,081
Disposal proceeds	(17,966)			(17,966)
Movement in Cash			29	29
Gain for the year	(226)			(226)
Fair value at 31 March 2025	<u>25,890</u>	<u>1,200</u>	<u>44</u>	<u>27,135</u>

CHARITY INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Subsidiary £'000	Total £'000
Fair value at 1 April 2024	<u>19,001</u>	<u>1,200</u>	<u>15</u>	<u>5</u>	<u>20,221</u>
Additions at cost	25,081				25,081
Disposal proceeds	(17,966)				(17,966)
Movement in Cash			29		29
Gain for the year	(226)				(226)
Fair value at 31 March 2025	<u>25,890</u>	<u>1,200</u>	<u>44</u>	<u>5</u>	<u>27,140</u>

All investments are held in the UK. The subsidiary investment is in MSSC (Trading) Limited, note 8. The historic cost of the Investment Portfolio including cash was £25,269K (2024: £18,004k). The investment property relates to 206 Lambeth Road – valued by a Member Royal Institution of Chartered Surveyors.

Fund analysis of gains and (losses):

	2025 £'000	2024 £'000
Endowment (note 16)	(227)	846
Total gains (losses)	<u>(227)</u>	<u>846</u>

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

13. DEBTORS

	Group 2025	<i>Group 2024</i>	Charity 2025	<i>Charity 2024</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	50	<i>264</i>	43	<i>240</i>
Amounts due from MSSC (Trading) Ltd	-	<i>-</i>	4	<i>35</i>
Other debtors	702	<i>63</i>	702	<i>63</i>
Prepayments	1,098	<i>171</i>	1,098	<i>171</i>
Accrued income	77	<i>482</i>	77	<i>482</i>
	1,927	<i>980</i>	1,923	<i>991</i>

14. CREDITORS: Amounts falling due within one year

	Group 2025	<i>Group 2024</i>	Charity 2025	<i>Charity 2024</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	718	<i>629</i>	718	<i>629</i>
Amount due to Slater	-	<i>116</i>	-	<i>116</i>
Other taxation and social security	203	<i>185</i>	203	<i>185</i>
Grants payable	1,177	<i>1,247</i>	1,177	<i>1,247</i>
Other creditors	894	<i>706</i>	894	<i>704</i>
Accruals	2,591	<i>1,746</i>	2,588	<i>1,743</i>
Deferred income	236	<i>429</i>	236	<i>429</i>
	5,820	<i>5,058</i>	5,817	<i>5,055</i>

£76K (2024: £273k) of accruals and £33K (2024: £32k) of deferred income balances at 1 April 2024 are included in creditors at 31 March 2025. These should be released in 2025/26.

Grants Payable

B/Forward £k	Grants paid in year £k	Grants given or provided for in year £k	Carry forward £k
1,247	(1,336)	1,266	1,177

Payment of grants made is mostly conditional on the balance of funding for property projects being raised by the grant recipient.

Deferred income

B/Forward £k	Income recognised in year £k	New Deferrals £k	Carry forward £k
429	(396)	203	236

Most of the deferrals were related to receipts related to courses starting after April 2025.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

15. RESTRICTED FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance	Movement of funds			Transfer	Balance
		1 April 2024	Income	Expend- -iture	Income/ interest		31 March 2025
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	Grant in Aid	-	11,732	(11,732)			0
MOD	Other Grants ¹	2,021		(1,785)			236
Various	Offshore ships and boats ²	5,339	1,151	(1,359)			5,131
Various	Sea Cadets training	2,193	114	(290)		(1,337)	680
Various	Boat stations - Midland/PEBS ³	5,199		(179)		1,582	6,602
Various	Sea Cadets unit grants	633	424	(296)			761
Various	Area Sea Cadets Training	772	118	(218)			673
Various	Seafarer training	72	50	(84)			38
Various	Bursaries	211	79	(113)			176
Corbyn Memorial Fund	Nautical education	18		(38)			(20)
Various	Other	74					74
		16,532	13,668	(16,094)	-	245	14,352

(continued)

¹ RN Armaments security fund £2m

² Offshore restricted assets £4m

³ Boat stations restricted assets £7m

The residual funds are made up of multiple small funds for specific purposes.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

15. RESTRICTED FUNDS (GROUP AND CHARITY) (2023/24)

Donor	Purpose	Balance 1 April 2023	Movement of funds			Transfer	Balance 31 March 2024
			Income	Expend- -iture	Income/ interest		
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	Grant in Aid	-	11,577	(11,577)	-	-	-
MOD	Other Grants	2,631	441	(812)	-	(239)	2,021
Various	Offshore ships and boats	5,239	886	(1,185)	-	399	5,339
Various	Sea Cadets training	1,687	2,228	(351)	-	(1,371)	2,193
Various	Boat stations - Midland/PEBS	4,177	-	(154)	-	1,176	5,199
Various	Sea Cadets unit grants	688	128	(218)	-	35	633
Various	Area Sea Cadets Training	828	107	(163)	-	-	772
Various	Seafarer training	160	-	(88)	-	-	72
Various	Bursaries	165	81	(35)	-	-	211
Corbyn Memorial Fund Thomas Gray Memorial Trust	Nautical education	22	-	(4)	-	-	18
	Maritime Science and Technology	-	-	-	-	-	-
Various	Other	74	-	-	-	-	74
		15,671	15,448	(14,587)	-	-	16,532

Transfers relate to funds spent on capital purchases. The transfers are equivalent to the depreciation charges required in future years.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

16. ENDOWMENT FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance	Movement of funds		Balance
		1 April 2024 £'000	Investment returns £'000	Donations/ (transfers) £'000	31 March 2025 £'000
Corbyn Memorial Fund	Grants and payments for Nautical Education	236	(3)		233
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	113	(1)		112
Destitute Sailors Fund	Assisting distressed merchant seamen	71	(1)		70
Various	Providing subsidised berths and awards to Sea Cadets	557	(7)		550
Expendable Endowed Funds	Held for general purposes	17,254	(215)	5,863	22,903
		<u>18,231</u>	<u>(227)</u>	<u>5,863</u>	<u>23,868</u>

Donor	Purpose	Balance	Movement of funds		Balance
		1 April 2023 £'000	Investment returns £'000	Donations/ (transfers) £'000	31 March 2024 £'000
Corbyn Memorial Fund	Grants and payments for Nautical Education	225	11	-	236
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	108	5	-	113
Destitute Sailors Fund	Assisting distressed merchant seamen	68	3	-	71
Various	Providing subsidised berths and awards to Sea Cadets	531	26	-	557
Expendable Endowed Funds	Held for general purposes	16,453	801	-	17,254
		<u>17,384</u>	<u>846</u>	<u>-</u>	<u>18,231</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

17. DESIGNATED FUNDS

Fund	Balance 1 April 2024 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2025 £'000
Cadet Outreach	83			83
Boat station	543	(246)		297
SC future projects	588			588
Weapon & Ammunition equipment	-		900	900
	1,214	(246)	900	1,868

Fund	Balance 1 April 2023 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2024 £'000
Cadet Outreach	83	-	-	83
Boat station	1,007	-	(463)	543
SC future projects	373	-	215	588
Expedition equipment	198	-	(198)	-
Environmental grants	113	-	(113)	-
	1,774	-	(559)	1,214

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2025				
Restricted funds	14,351			14,351
Endowment funds		23,868		23,868
Designated funds	431	537	900	1,868
Unrestricted funds	543	2,734	(1,980)	1,297
Total	15,325	27,139	(1,080)	41,384

GROUP	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2024				
Restricted funds	14,803	-	1,729	16,532
Endowment funds	-	18,231	-	18,231
Designated funds	543	605	66	1,214
Unrestricted funds	-	1,380	32	1,412
Total	15,346	20,216	1,827	37,389

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

18. (Cont) CHARITY

2025	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	14,351			14,351
Endowment funds		23,868		23,868
Designated funds	431	537	900	1,868
Unrestricted funds	543	2,734	(1,984)	1,293
Total	15,325	27,139	(1,084)	41,381

2024	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	14,803	-	1,729	16,532
Endowment funds	-	18,231	-	18,231
Designated funds	543	605	66	1,214
Unrestricted funds	-	1,385	-	1,385
Total	15,346	20,221	1,795	37,362

19. TAXATION

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

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

20. PENSION SCHEMES (GROUP AND CHARITY)

A number of former employees of the former Marine Society and of the Sea Cadet Association are members of the Merchant Navy Officers Pension Fund - MNOFF (New Section). The fund is active, though closed to future accrual on 31 March 2016. However, the MSSC continues to have a share of the net deficit in the fund.

The most up to date actuarial report is at 31 March 2024 valued assets in the scheme at £1,956M and the liabilities at £1,967M giving a rise to a scheme wide deficit of (£11M). As at the date of the 2024 valuation no deficit contributions were required. No share of assets and liabilities have been identified.

All current employees are members of a contract based defined contribution scheme. £531K (2024: £498K) was paid by the charity during the year of which £45K (2024: £44K) was outstanding at the year end and included in creditors.

21. RELATED PARTY TRANSACTIONS (CHARITY)

The Director of Young People, Volunteer & Business Support is an ex officio trustee/director of the Royal Albert Dock Trust during the year, the charity paid rent to the Royal Albert Dock Trust's London Regatta Centre totalling £20,501 (2024: £25,803).

Four of the Trustees and the CEO of the charity are Younger Brothers of Trinity House Maritime Charity. During the year the charity received a grant of £140K (2024: £130K) from the Trinity House Maritime Charity. No amounts were outstanding to the charity at the year end.

One of the Trustees is employed by J&J Denholm. They support MSSC, during the year the charity received a donation of £5k (2024: £5k).

Three Trustees and the CEO are members of the Company of Shipwrights who have funded £14k for bursaries (2024: £14k).

The Director of Maritime Training and Development is a Fellow of the Nautical Institute who rent office space in London amounting to £141k (2024: £117k).

One of the Trustees is Headteacher of the London Nautical School. During the year the charity paid a grant of £50k (2024: £22k) offset by course fees of £18k (2024: nil).

The charity was paid £nilK (2024: £nil) for management and accounting services from its subsidiary undertaking MSSC (Trading) Limited (note 8). A charitable donation amounting to £3K (2024: £24k) was received from the subsidiary. The charity anticipates receiving a charitable donation from the subsidiary of £3K in 2025/26 based on profits earned by the company in 2024/25. At the year end, the charity was owed £4K (2024: £35K) by the subsidiary and this amount is included in charity debtors.

The Chair of FIRA, Stuart Curl, and two employees, Jenny Howard and Paul Wilkinson, are directors of MSSC (Trading) Limited. Two Trustees, David Dingle and Jonathan Robertshaw are directors of the Sea Cadet Association.

22. STATUTORY INFORMATION

The Marine Society and Sea Cadets (MSSC) is a charity registered with the Charity Commission in England and Wales (registration number 313013) and with the Office of the Scottish Charity Regulator (registration number SC037808). The registered office is 200b Lambeth Road, London SE1 7JY.

23. FUNDS HELD AS AGENT

Balance b/fwd	Expenditure	Income	Balance c/fwd
(116)	729	(854)	(241)

MSSC administers the fund on behalf of Slater Foundation. This involves managing individual awards, payable to either students or educational institutions on behalf of the students. MSSC make these payments fortnightly and is reimbursed quarterly by Slater Foundation. In recognition of this Slater Foundation donates £30k to MSSC annually.

COUNCIL MEMBERS AND EXECUTIVE MANAGEMENT YEAR ENDED 31 MARCH 2025

Council members and executive management during the year, and as at the date of this report, were:

PRESIDENT: Admiral Sir Philip Jones GCB DL

COUNCIL MEMBERS

The Council members who served during the year were:

Jeremy Penn (Chair)
Steve Smith ^{2, 3}
Alan Marsh MBE FICS ¹ (Retired 9 October 2024)
John May OBE DL ^{2, 3} (Retired 9 October 2024)
Vice Admiral Sir Jonathan Woodcock KCB OBE ^{2, 3, 4}
David Derbyshire ³ (Retired 9 October 2024)
Léonie Austin² (Vice Chair)
David Dingle CBE^{1, 2}
Jonathan Robertshaw ^{1, 2}
Michael Schofield ^{2, 3}
Gareth Hampton ^{1, 2}
Laurelle Brant ^{2, 3}
Christine Baldwin MRICS ^{2, 3}
Kirsten Nuade ^{2, 3}
John Denholm ^{1, 2}
Stuart Curl^{1, 2} (Appointed 9 October 2024)
Stephen Peck ^{2, 3} (Appointed 9 October 2024)
Kate Richardson ^{2, 3} (Appointed 9 October 2024)

Council Members are members of the following committees as annotated above.

- ¹ The Finance, Investment, Remuneration and Audit Committee
- ² The Policy Development and Nominations Committee
- ³ The Safety, Safeguarding, Inclusion & Risk Committee
- ⁴ The National Sea Cadets Advisory Council
- ⁵ The National Sea Cadets Forum

EXECUTIVE MANAGEMENT

Chief Executive Officer

Captain Sea Cadets & Director of Operations*

Director of Finance & Digital and Company Secretary

Director of Young People, Volunteer & Business Support

Director of Sea Cadet Learning

Director of Fundraising and Communications

Director of Human Resources

Director of Maritime Training and Development

Martin Coles CBE FRICS ACI Arb (Retired 15 May 2025)

Guy Holloway (Appointed 16 May 2025)

Captain Neil Downing RN

Jenny Howard

Paul Wilkinson

Heather Williams

Daniel McAllister

Petrina Brooker

Darrell Bate

* provided on loan from the Royal Navy

**PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2023**

The principal professional advisers during the year were:

Auditors:	MHA 2 London Wall Place London EC2Y 5AU
Bankers:	Barclays Bank plc 1 Churchill Place London, E14 5HP National Westminster Bank plc 250 Regent Street London, W1B 3BN Royal Bank of Scotland plc 62-63 Threadneedle Street London, EC2R 8HP
Investment Advisers and Custodians:	Cazenove Capital 1 London Wall Place London EC2Y 5AU KW Investment Management Ltd 13 Austin Friars London, EC2N 2HE
Legal advisers:	Farrer & Co LLP 66 Lincoln's Inn Fields London, WC2A 3LH Moon Beaver 21A John Street London, WC1N 2BF Russell Cooke 2 Putney Hill London, SW15 6BA
Insurance Brokers:	Arthur J. Gallagher Insurance Brokers The Walbrook Building 25 Walbrook London, EC4N 8AW
Pension Advisers:	Mercer Limited 1 Tower Place West, Tower Place, London, EC3R 5BU
Registered Office:	200b Lambeth Road London, SE1 7JY ms-sc.org

Accounts



MARINE SOCIETY & SEA CADETS

Report & Accounts

For the year ended 31 March 2024

Admiral of the Sea Cadet Corps: Her Royal Highness, The Princess Royal

President: Admiral Sir Philip Jones GCB DL

Charity number (England & Wales): 313013

Charity number (Scotland): SC037808

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

Overview

Marine Society and Sea Cadets (MSSC) is a charity that helps launch young people for life and supports aspiring and serving seafarers in achieving successful careers.

With a clear aim to be the leading maritime charity for youth development and lifelong learning, MSSC is committed to investing in and supporting all of our beneficiaries so they can achieve their potential whatever path they choose.

Our vision for **Sea Cadets**: *"Every young person launched for life"*. We seek to achieve this by: Inspiring young people to achieve their potential through challenge and nautical adventure guided by the customs and traditions of today's Royal Navy.

Our vision for **Marine Society**: *"Every current and future seafarer and maritime professional skilled for life"*. We seek to achieve this by: Enabling current and future seafarers to realise their potential through learning and career development.

We know that our work has a transformational impact on both individuals and the communities they live and work in, positively affecting their life chances and benefiting their communities and society as a whole.

2023/24: A Year of Choppy Waters

Setting our Course

Our year began with considerable excitement and optimism with the launch of our Future Ready Strategy in April 2023 (see page 6). The strategy, developed with our cadets, volunteers and employees, charts a clear course for the next five years to 2028. It is about meeting the growing demand for what our charity offers young people, seafarers and maritime professionals, while equipping them for a world of increasingly rapid change.

For cadets, this means providing a unique mix of non-formal education, challenge and adventure that develops confidence and resilience; builds teamwork and leadership skills; and instills clear values, within a safe and inclusive environment, where cadets have a real voice – all of which will ensure our young people can thrive whatever their futures.

For seafarers, this means providing the practical learning opportunities, online support and expert mentoring which will allow them to upskill and progress throughout their careers – with the versatility and adaptability to seize new opportunities and make full use their talents.

The first year of our Future Ready Strategy saw us make good progress in giving our charity a platform for sustainable growth – building on the success of our two-year Regeneration Strategy, which delivered a full-return to in-person activity following the pandemic, while also transforming our digital platforms.

Refining our Offer

All of this, however, has occurred within a testing environment. The charity has been battling against the continued economic headwinds facing all organisations as a result of recent persistently high inflation. We rely on the Royal Navy for around half the funding of Sea Cadets via a grant-in-aid. The MOD and RN were not immune from the financial limitations, leading to an unexpected re-set of our grant-in-aid in mid-April 2023. This compounded our financial burden, requiring immediate temporary restrictions on delivery for the financial year 2023/24.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

With continued inflation, and following settlement of our grant-in-aid for 2024/25, we faced a A £1.94m gap in our budget for 2024/25 requiring us to take decisive action.

At the same time our volunteers have been facing similar headwinds - straining their capacity to deliver for Sea Cadets and to meet the insatiable demands for activity from our cadets, further enthused post pandemic by all that Sea Cadets has to offer.

In response to this mix of challenges, in November 2023 we launched 'Refining our Offer' to reduce the growing demands on our volunteers, cut our organisational and delivery costs, increase fundraising and income generation, implement efficiencies in the way we deliver the Sea Cadets Experience (page 14) and provide essential resources for safeguarding, safety and offshore activities.

By listening to the positive solutions identified during our comprehensive organisation-wide consultation, we have been able to refine our offer for young people – slowing the pace of delivery slightly to reduce the workload of our amazing volunteers without compromising the consistency or quality of the Sea Cadets Experience. This has helped us arrive at an affordable budget for 2024/25 – closing the funding gap while ensuring the changes are proportionate, balanced and support our continued progress towards our long-term aims.

The difficult choices we agreed on together also necessitated a strategic restructuring of our central teams, with a reduction in 10.45 full time equivalent roles resulting in eight redundancies and impacting on a further 40 roles across all departments. Throughout this period of uncertainty, our teams remained constructive and professional while offering support to colleagues. Most importantly, our collective determination to deliver the best possible experience for our beneficiaries remains undimmed – and we pledge to give our employees and volunteers all the support they need to thrive in that process.

Indeed, by lightening the load on our people, we will be able to maintain a laser focus on realising our Future Ready Strategy – supported by ambitious plans to drive increased income, with an aggressive fundraising target of £3.1m for 2024/25 (up from £2.2m in 23/24). We hope to achieve this target by prioritising ongoing work to increase MSSC subscriptions and develop corporate sponsorship opportunities, along with the launch of two new appeals – to finance a refit of our tall ship TS Royalist and two new adventure centres.

Prioritising Safer Activity

Safeguarding, safety and inclusion remain at the forefront of our strategic objectives. To this end, during the year we concluded an external independent review of our safeguarding procedures and processes, undertaken by Barnardo's. This regular comprehensive audit confirmed our strong culture of safeguarding and our continued progress, as well as our appetite for ongoing improvement. To ensure continued progress, we have agreed a development plan, with regular monitoring by our Senior Management Team and Trustees.

On safety, we closely followed the Coroner's Inquest into the tragic 2018 death of a 16-year-old Explorer Scout during a hill walking activity – to ensure that Sea Cadets could make use of any relevant learnings to improve our own delivery of activities.

Having reviewed the Coroner's latest report, published in early 2024, we assessed our procedures in light of the issues raised and launched a Safety Activity initiative for Sea Cadets. Building on existing work, this included developing a new safety checklist for use in planning activities; ensuring all our volunteers refreshed their knowledge of our existing systems and

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

processes as well as ongoing work to strengthen our risk assessment processes and refresh our mandatory safety training.

On inclusion, we made significant progress in the year with delivery in line with our equity, diversity and inclusion action plan in response to 52 recommendations in our June 2022 EDI Review. Fully embedded within our Future Ready Strategy our delivery in reported is covered in more detail on page 6.

Working with the Royal Navy

A key theme of our Future Ready Strategy is to further reflect today's Royal Navy within the Sea Cadet Experience offered to our young people. During the year we delivered to our cadets:

- 14 naval experience weeks at HMS Raleigh
- 15 amphibious experiences delivered for Royal Marines Cadets
- 873 cadets engaged in careers fairs/webinars
- 35% had the opportunity to meet serving members of the RN

We continued to drive RN footprint across the UK, raising RN profile and awareness, including:

- 42,200 cadet days spent representing the RN at community events and parades
- 569m people reached through our press coverage

We also delivered against our performance indicators with the RN set out in our Memorandum of Understanding, exceeding both of the measured KPIs:

MSSC to Deliver	Outcome
<i>RN Career Awareness Briefings to Volunteers:</i>	682 delivered (against 240 stretch target)
<i>School engagement visits:</i>	250 delivered (against 36 stretch target)

The value and relevance of the RN to cadets was clearly demonstrated in our 2023/24 Impact Report (page 13). Cadets scored their trust of the RN at 7.7 (out of 10), on a par with sea cadet volunteers (7.9) and well above teachers (6.2).

Alongside this work we have sought to play our part in an Independent Review of Cadets commissioned by the Second Sea Lord to guide the way ahead for the next 25 years.

We have seen the Review as a great opportunity to demonstrate and build on the value of Sea Cadets to the Royal Navy, achieving real impact across the UK. Indeed, as the most cost-effective Community Cadet Force, we stand ready to work ever more closely with the RN to further support the further development of the RN Cadet Forces over the coming years.

Ofsted 'Good'

In March 2024, The Marine Society College of the Sea was subject to a three day Ofsted inspection. This was a comprehensive review of the work of Marine Society, ultimately judging the College overall effectiveness as 'Good' with an overwhelmingly positive report. It was particularly pleasing that the report specifically noted the College's strong advocacy for and

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

engagement with the maritime sector. As a result, the College was assessed as making a 'strong contribution to meeting skill needs' across the sector.

Looking Forward

We have much to do to continue to grow Marine Society, to play our part in the implementation of the RN Review of Cadet Forces, to continue to drive staying safe and to respond to the youth and maritime political agendas as they develop post the General Election.

Inspired by the life-changing impact we continue to have on cadets and seafarers (pages 6, 13 and 15) together with our impressive delivery in 2023/24 (page 8), we are guided by our Future Ready strategy (page 6) and exciting plans for 2024/25 (page 18). As a result our whole charity is driving through the recent choppy waters, confident to further increase our impact.

OUR VALUES AND CULTURE

We are driven by what we do and the impact we have. We are proud of our work, approaching it with positivity, enthusiasm and urgency as we seek to deliver more inspiring futures. Guided by the views of volunteers, cadets and employees, we have updated the way we define our six core values – to emphasise the importance of inclusion, inspire loyalty to the organisation, and redouble our commitment to doing our best.

MSSC values

Respect:

We are inclusive, considerate and professional.

Loyalty:

We put our beneficiaries first and pull together to achieve our shared goals.

Self-discipline:

We are focused and structured in our work to achieve the best possible outcomes.

Commitment:

We are committed to the charity's goals and to work creatively to find solutions.

Honesty & Integrity:

We are open, honest and treat everyone fairly.

Courage:

We do what we know is right and support others to do the same.

Sea Cadet values

Respect:

To be inclusive, appreciate others and considerate of all.

Loyalty:

To be faithful to those who value and support me.

Self-discipline:

To do my best and do what I must.

Commitment:

To do what I say I will.

Honesty & Integrity:

To tell the truth and be a good person.

Courage:

To do what I know is right.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

ENGAGING MARGINALISED YOUNG PEOPLE AND EMBRACING DIVERSITY

We continue to aspire to make Sea Cadets even more accessible to the disadvantaged young people who could benefit most from our activities. Our survey in 2023/24 showed:

- **55%** of Sea Cadets units are located in areas of relative **economic disadvantage** (compared to 33% of other youth groups)
- **44%** of cadets live in '**left behind areas**' (20% of the general population)
- **8%** of cadets are **looked after children** (1% national average) UP from 6% on prior year
- **8%** of cadets are **young carers** (6% national average) UP from 7%
- **6%** of cadets identify as **autistic** (2% national average) UP from 5%
- **5%** of cadets identify as **ADHD** (5% national average)
- **11.3%** of cadets from **non-white ethnic minority** (16.2% national average) UP from 10.7%
- **4.7%** of cadets identify as **mixed-race** (2.9% of the general population)
- **17.3%** of 12+ cadets identify as **non-heterosexual** (3.3% general population)

Throughout August 2023, our On The Water outreach programme gave a first taste of boating and water sports to **779** hard-to-reach children in Birmingham and London. Notably, we were able to increase engagement among several categories of disadvantage:

- **76%** of participants were from areas of relative economic disadvantage – UP from 67%
- **29%** of those taking part receiving free school meals – UP from 14%
- **10%** of the young people we welcomed had disabilities – UP from 7%

LAUNCHING OUR FUTURE READY STRATEGY

Over 100 of MSSC's most influential supporters came together to hear senior cadets and young volunteers launch the charity's **Future Ready Strategic Plan 2023 - 2028** at the House of Lords in April 2023. Having co-designed the strategy, the cadets delivered their own speeches explaining how the Future Ready plan builds on their personal experiences and reflects their ambitions for the organisation – bringing the strategy to life and demonstrating how our charity is succeeding in developing young people.

The Future Ready Strategy is designed to create the conditions where:

- Developing an urgency for growth and delivering on it
- Fully embracing flexible volunteering
- Becoming fully inclusive
- Creating a youth centred approach
- Driving cadet voice
- Equipping seafarers with the essential skills they need
- Ensuring a positive and supportive employee experience

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

We will achieve this by focusing on the following key themes:

Enhancing **Our Offer** to cadets

Having listened to cadets' views, the Future Ready Strategy aims to:

- expand our range of training and activities.
- ensure the Sea Cadets Experience reflects today's Royal Navy.
- develop support for mental health and emotional wellbeing.
- empower young people to shape their own experience.

Enhancing **Our Offer** to seafarers

Responding to the priorities of the UK's Maritime 2050 strategy, Future Ready aims to:

- increase apprenticeship opportunities.
- broaden our maritime curriculum.
- promote and support maritime careers.

Equipping **Our People** to support our beneficiaries

To ensure our volunteers and employees have the skills and support they need to thrive, Future Ready aims to:

- implement leadership and management training.
- deliver the skills to help volunteers provide youth-centred activities.
- explore opportunities for flexible volunteering.

Embracing **Inclusion** throughout MSSC

Guided by the recommendations of our independent Equity, Diversity & Inclusion audit, Future Ready aims to:

- update our policies to promote EDI and challenge inappropriate behaviour.
- provide EDI training and support for volunteers and employees.
- ensure that we reflect the communities we serve.

Creating the conditions for **Growth**

To address the growing demand for our services, and make our offer more accessible to minority groups, Future Ready aims to:

- open new sections and units, including in new locations.
- develop targeted outreach for under-represented communities.
- support an additional 2,500 cadets by 2028 (500 per year).

Strengthening our underpinning **Enablers**

To achieve all the impact outlined above, Future Ready aims to deliver the investment that will:

- improve our environmental approach and reduce our carbon footprint.
- provide the new facilities and equipment needed to support cadet training.
- drive our ongoing digital transformation.

We are clear that safety and safeguarding are paramount to everything we do and therefore foremost in all of the objectives in the strategy.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

WHAT WE ACHIEVED IN 2023/24

We set out 10 key outcomes to guide delivery in the first year of our new strategy, backed by detailed plans to achieve them. We note our progress against each below:

OUR OFFER for sea cadets

1. *Ensure more engaging training and activities*

We delivered:

- 19 new online learning modules to the Sea Cadets Portal
- Added positive mental health and emotional wellbeing sessions
- Progressed work to create unit air rifle and drill hubs, plus regional shooting hubs

2. *Ensure more RN experiences:*

We delivered:

- 14 naval experience weeks at HMS Raleigh
- 15 specialist waterborne experiences delivered for Royal Marines Cadets
- 873 cadets engaged in careers fairs/webinars
- 35% had the opportunity to meet serving members of the RN.

3. *Ensure more Cadet Voice:*

We delivered:

- More units holding regular cadet forums
- Cadets interviewing key appointments
- Launched search for 2 cadet trustee committee members
- 5 national/area projects delivered using cadet co-production approaches.

OUR OFFER for seafarers and maritime professionals

4. *More apprenticeships & support for seafarers:*

We delivered:

- Grade 2 'Good' Ofsted inspection outcome
- Increased apprenticeship standards on offer to 7 and enrolled 7 new apprentices
- 75% of apprenticeships (by funding value) delivered directly by Marine Society.
- 94 Slater scholarships and bursaries awarded to seafarers
- 84 Coming Ashore registrations with 9 seafarers securing jobs onshore
- 15 furthering careers in offshore energy sector via our Green Skills Bursaries
- £174k income from maritime book sales and 5 digital port libraries funded by MNWB
- Learn@Sea and Learn@Shore apps further developed and sales up 14%

OUR PEOPLE

5. *Further develop volunteer training:*

We delivered:

- Automated online booking
- A new Basic Leadership course added in all districts.
- The identification of a national framework for volunteer mentoring
- Fully embedded 'Working with young people'
- New 'Leading a Sea Cadet unit' course
- Auto suspension without disclosure implemented
- Residential training procedures extensively updated.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

6. *Promoted development opportunities for our employees:*

We delivered:

- Management training provided
- EDI training for employees completed
- 8 employee policies updated
- Leadership development courses implemented

INCLUSION & GROWTH

7. *Engage more young people:*

We delivered:

- 24 Senior/RMC sections via DCMS waiting list project
- 14 new Junior sections opened.
- Cadet numbers up by 511 (with volunteers up 5%)
- 'On The Water' outreach delivered engaging 779 marginalised young people.

8. *Become more inclusive:*

We delivered:

- 6 policies revised to promote an inclusive culture.
- EDI training to all MSSC employees and trustees.
- Online EDI training course developed for volunteers
- An accessibility/inclusivity audit of MSSC facilities

ENABLERS

9. *Improve our environmental approach:*

We delivered:

- New environmental newsletter
- Tools to measure unit and MSSC facility carbon footprints.
- Sea Hive habitats in two pilot locations.

10. *Improve our systems and facilities to support delivery*

We delivered:

- Revised Unit assurance and support process
- New complaints procedure
- 10 point safety checklist launched and new H&S course in development
- Middlehill adventure training hub opened in Sussex
- Midlands Boat Station project progressed close to completion.
- Updated pocket safeguarding guides issued to all cadets and volunteers.

Other major milestones in 2023/24:

Brentwood Unit's Petty Officer (SCC) and former cadet Apple-Jane Hayward BEM represented Sea Cadets at the **Coronation of King Charles III** inside Westminster Abbey on 6 May 2023. In Parliament Square, Able Cadet Sara (Southampton Unit) and Cadet Corporal James (Guildford Detachment) bore the national Standards of Sea Cadets and Royal Marines Cadets, while thirty of our senior cadets were stationed along the procession at Admiralty Arch. We were delighted to receive The King's warmest wishes in recognition of both our

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

cadets' efforts on the day and in the community celebrations assisted by units around the UK.

The Coronation Bank Holiday of 8 May saw Sea Cadets set a new **Guinness World Record** for the world's biggest ever piping lesson. Over 300 cadets and volunteers gathered at Greenwich to help launch **The Big Help Out** initiative by playing the 'Call The Hands' to urge the nation to try volunteering. Many of our units embraced The Big Help Out launch by organising unit open days or clean-ups to engage potential volunteers, with further events continuing through the summer.

Sea Cadets played a leading role in Liverpool's commemorations of the **80th anniversary of the Battle of the Atlantic** in late May. Ellesmere Port Unit's band played for veterans and dignitaries, while cadets from across the North West Area performed a variety of activity displays for thousands of visitors. Senior cadets then took part in the closing Drumhead Service, before over 150 sea cadets and royal marines cadets joined the 'March for the Medals' parade through the city.

A record-breaking year for the **Duke of Edinburgh's Award** at Sea Cadets saw 1,330 cadets and young volunteers enrol with 464 receiving awards – including 58 Golds, beating the Sea Cadets record of 45 achieved in 2018/19. 24 cadets took advantage of the opportunity (available for the first time in 23/24) to choose an offshore voyage on one of our yachts as their Gold or Silver expedition module.

12 cadets onboard TS Jack Petchey were thrilled to take part in Guernsey's 78th Liberation Day Parade, with another 12 from TS John Jerwood honoured to play a leading role in the official 79th anniversary **D-Day commemorations** at Pegasus Bridge in Bénouville.

For the first time, all ten of our keel boats took part in the **RS21 National Championships** at Lymington in August, allowing 30 cadets to experience top-level offshore racing thanks to the support of 18 volunteers and employees.

Our Royal Docks Boat Station hosted a memorable **National Combined Regatta** in early-September, with nearly 500 young people competing. Maryport & Solway Unit epitomised the determination to be part of the event: overcoming train strikes to make it to the Royal Victoria Dock from Cumbria in time to successfully defend their boat handling title. The unit was subsequently honoured to be one of only 29 youth groups in the UK to receive an inaugural **King's Award for Voluntary Service** – the highest honour a voluntary group can receive.

Eight sea cadets joined CEO Martin Coles CBE to deliver interactive workshop sessions at October's Conservative and Labour **Party Conferences** in Manchester and Liverpool. Cadets explained how our programme of non-formal education and adventurous activities are preparing young people for a changing world, impressing influential decision-makers including Business & Trade Minister Nigel Huddleston MP.

Two of our First Sea Lord's Cadets represented the UK in the **G20 international quiz** hosted by the Indian Navy in New Delhi in November. Petty Officer Cadets Maisie (Fishguard Unit) and Joseph (Camberley Unit) were competing against students and cadets from the world's largest 20 economies and nine guest countries, and narrowly missed out on a place in the final. The trip also helped to raise the global profile of Sea Cadets, with the cadets meeting India's Vice President, Jagdeep Dankhar, and Chief of the Indian Naval Staff, Admiral Kumar.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

Our largest ever **Cadet Conference** in February saw almost 300 cadets come together to shape the future of their organisation. Workshops tackled topics including the science behind water quality – the subject of a new Sea Cadets project in partnership with the University of Birmingham.

Marine Society's **Ofsted inspection** saw them awarded a grade 2 'Good' across all judgements, and an additional grade of making a 'strong contribution to skills', with the report saying: *"Marine Society is a strong advocate for the maritime sector. Leaders and managers make a valuable and vital contribution to meeting the skills needs of the niche industries within it [and] involve major influential stakeholders from sector bodies and employers to design and implement the curriculum. These actions have a direct, positive impact on apprentices."* This was a particularly impressive achievement – given that Marine Society's apprenticeship delivery is relatively new – and gives them a strong platform to promote their quality to employers and other stakeholders.

Marine Society's first **Outdoor Activity Instructor apprentice**, passed their end-point assessment and will remain as a fully qualified full-time instructor at Nene Park Outdoor Leisure Park – a great result for Marine Society's new partnership with the Sea Cadets Inshore Boating Team.

Further successful collaboration came when the Sea Cadets Offshore Team hosted Marina & Boatyard apprentices for Marine Society's first ever residential training voyage – developing boat handling, navigation, anchoring and mooring skills under expert tuition on TS John Jerwood.

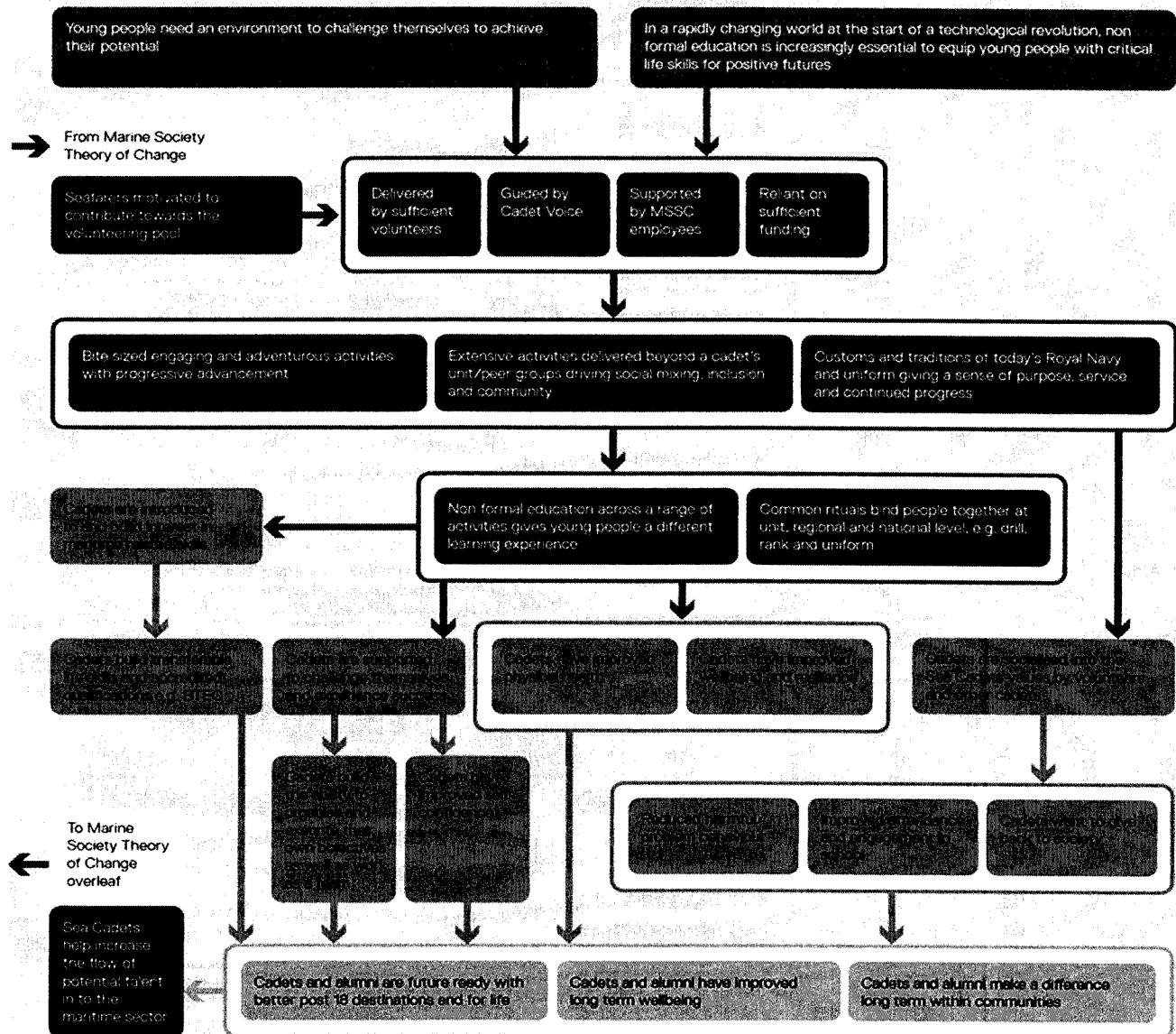
During the year our communications team achieved significant profile for the charity through **strong media coverage**:

- A Junior Sea Cadets marketing campaign delivered (including two short films) to assist with cadet and volunteer recruitment.
- A promotional short film created to showcase our Offshore Fleet.
- A special episode of Blue Peter broadcast in April 2023 to promote our offshore activities to thousands of potential recruits.
- Positive national and local press reports reached 2,775.
- Circulation of press coverage reached 569m people.
- Sea Cadets website attracted 139,364 new users.
- Social media followers numbered over 55,000.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

SEA CADETS THEORY OF CHANGE

Our theory of change illustrates how our interventions build to deliver immediate and enduring positive impacts for young people.



**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

OUR IMPACT: How Sea Cadets changes young people

Based on 2,324 responses to our 2023/24 Impact Report survey of cadets

ENHANCING LIFE SKILLS, CONFIDENCE AND WELLBEING

Sea Cadets has improved:

- My ability to work with others in a team - **77% of cadets surveyed agreed**
- How well I communicate with others **81%**
- My ability to plan for the future **63%**
- My resilience in new situations **77%**
- My physical health **75%**

Sea Cadets:

- Makes me feel empowered **73%**
- Has made me resilient and prepared for tough times **61%**
- Is a supportive environment **88%**
- Helps me to stop getting in trouble at school, or with the police **48%**

ACHIEVING PERSONAL GROWTH THROUGH THE SEA CADETS VALUES

Respect

- Sea Cadets has made me better at listening to the views of others **71%**
- Sea Cadets has made me more likely to help other people **80%**

Loyalty

- I feel connected to Sea Cadets **83%**
- Sea Cadets has increased my involvement with my local community **65%**

Self-discipline

- Sea Cadets has increased my willingness to work hard **77%**
- Sea Cadets helps me to do better at school or in other education **58%**

Commitment

- Sea Cadets has increased my motivation to take part in things **83%**
- Sea Cadets has improved my ability to make decisions and see them through **69%**

Honesty & integrity

- Sea Cadets has made me feel that other people can count on me **70%**
- Sea Cadets has helped me to tell the truth, even when it is hard **58%**

Courage

- Sea Cadets has helped me to stand up for things I believe are right **67%**
- Sea Cadets has reduced my involvement in risky or anti-social behaviour **43%**



THE SEA CADETS EXPERIENCE



Sea Cadets
12–18yrs



Royal Marines Cadets
13–18yrs



Junior Sea Cadets
9–12yrs¹

0–2 years
(NEC-CFC)²

2–4 years
(CFC-AC)

4–6 years
(AC-POC)

0–1 year
(REC-RMC)

1–3 years
(RMC-SCC)

3–5 years
(SCC-L)

0–3 years
(JC-L)

Sea Cadets values³ are woven into our training

Sea Cadet life skills	Basic	Int	Adv	Basic	Int	Adv	Sea Cadets life skills	Intro
Cadet training Prog/Syllabus⁴	Basic	Int	Adv	Basic	Int	Adv	Learning about your unit	15 modules
Specialisation (e.g. Marine Engineering)	1	1	1	1	1	1	Outdoor activities	15 modules
Proficiency (e.g. Navigation)							Waterborne activities	15 modules
Waterborne proficiency	1	1	1	1	1	1	Community activities	15 modules
Boating (Hours afloat)	60hrs	60hrs	60hrs	30hrs	60hrs	60hrs	Boating (Hours afloat)	90hrs ⁵
Offshore voyages		1	1			1	Participation Awards (Waterborne and STEM⁶)	2
BTEC		✓	✓			✓		
Event or competition	✓	✓	✓	✓		✓		
RN or RM event	✓	✓	✓	✓		✓		
DofE Award: (Bronze, Silver, Gold)	✓	✓	✓	✓		✓		
(RMC) Skill at Arms Training				1		2		
(RMC) Shooting				1		1		

Key

- Numbers show the amount of qualifications, modules, hours, events or training days
- Basic
- Intermediate
- Advanced
- Optional courses
- Supported activity

**SEA
CADETS**

- Nine year olds currently limited to targeted locations
- Ranks and rates of cadets
- The Sea Cadet values are respect, loyalty, self-discipline, commitment, honesty & integrity and courage
- Is the foundation of the experience delivered at units
- Based on three year experience at 50hrs per year
- Science, technology, engineering and mathematics



Marine Society & Sea Cadets is a charity registered in England and Wales (1042717) and in Scotland (SC015517).

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

OUR IMPACT: what the Sea Cadets Experience delivered for young people in 2023/24

Overall statistics on activities delivered in 2023/24:

- Total boating hours: **429,769**
- Boating hours per cadet: **31.3**
- Cadets experiencing a week long voyage via our offshore fleet: **1,381**
- Total beyond unit training days: **56,925** (4.1 per cadet)
- Total qualifications awarded: **46,304**
- Qualifications per cadet: **3.4**
- BTEC vocational qualifications: **1,030**
- Duke of Edinburgh's Awards completed: **464** – including a record **58** Golds

Cadet feedback on the Sea Cadets Experience [from the 2023/24 Impact Report survey]

- I have taken part in lots of different activities through Sea Cadets **85%**
- I find Sea Cadets training engaging **86%**
- I can get useful qualifications from Sea Cadets **92%**

"My time as a cadet wouldn't have been the same if it wasn't for my unit supporting me all the way through. Some of my biggest achievements in the cadets have to be my Gold Duke of Edinburgh award; gaining my RYA Day Skipper qualification thanks to the Offshore Team; and reaching the rank of Petty Officer Cadet. Having attended multiple offshore voyages – with my favourite being the Tall Ships Race 2023 voyage on TS Royalist – I believe that the Sea Cadets have not only transformed my life, but set me up ready for my future career of working at sea."

Cadet Tom, 17, North West Area

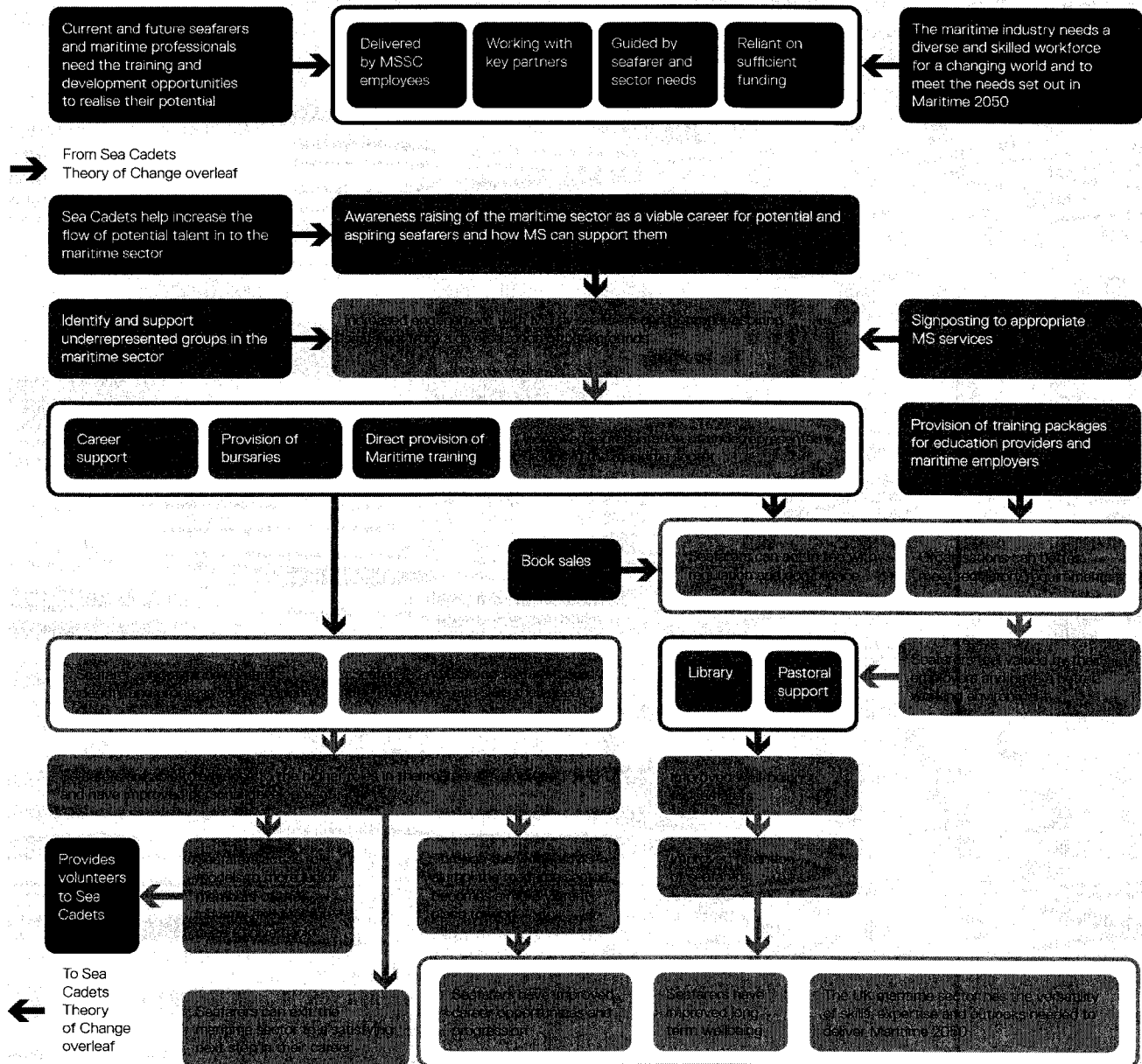
"I joined as a cadet when I was 10 and I really love my unit. Sea Cadets gives you so many opportunities to try out new things and gain skills and qualifications. I've been on offshore voyages, done lots of courses from windsurfing to catering, and I'm working towards becoming a paddle instructor. My dream is to have a career in music. I play the trumpet in the Sea Cadets Massed Band and take part in big national parades, such as Trafalgar Day. I was born with visual impairment, but everyone at Sea Cadets has been really supportive of me and made sure that I'm able to fully participate in all the activities it offers. Being part of Sea Cadets has definitely changed my life and helped me with everything from self-confidence to leadership skills."

Cadet Eleanor, 14, Southern Area

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

OUR THEORY OF CHANGE FOR MARINE SOCIETY

The following diagram shows how we engage and support current and future seafarers and maritime professionals, delivering immediate impact and enduring benefits for them and the maritime sector.



**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

OUR IMPACT: how Marine Society helps seafarers change their lives

Changing lives – in numbers:

9 Coming Ashore mentees securing jobs onshore

15 seafarers furthering careers in the offshore energy with support from our Green Skills Bursary

72 ratings achieved their first Certificates of Competency supported by the Slater Fund

4 crew libraries supplied to support seafarer learning and wellbeing

204 hours of one-to-one mentoring delivered to seafarers

Seafarer feedback on Marine Society support

"Leaving the familiar and comfortable world of seafaring was a daunting prospect. Fortunately, I found valuable support in the Marine Society's 'Coming Ashore' programme. This initiative provided me with the specific skills and knowledge necessary for the transition, and my mentors, experienced ex-merchant navy professionals, guided me through this transformation. Moreover, my first shore placement was secured through the Marine Society, and further solidified my commitment to a career in maritime law."

Nazmus Sakib, 'Sea to Shore' placement

"The service I have received from The Marine Society has been outstanding. The support was especially appreciated when I was completing multiple courses in a short period of time. The learning process has broadened my knowledge and I have a much greater understanding of all aspects of managing a Workboat and its crew. This will undoubtedly make me a safer and more capable seafarer going forward."

Edward Clarke, Slater Fund recipient

"After working at sea for 12 years, I was increasingly seeking a better work/life balance, which was a big motivator in my decision to move ashore. Marine Society had already supported me throughout my maritime career with scholarships, additional learning opportunities and awards so I was thrilled to learn they had a 'Coming Ashore' mentorship programme ... which was instrumental in making my transition ashore a smooth one."

Kristina Hogg, Coming Ashore mentee

"[Marine Society] trainers work effectively with employers to make sure that apprentices have good opportunities at work to practice and develop what they learn. Consequently, apprentices develop skills early in their programme to perform a wide range of tasks ... [and] become valued colleagues to their employer."

Ofsted inspection. March 2024

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

OUR FUTURE READY PLAN FOR 2024/25

Building on the achievements of the past year, the strategic goals we've identified for 2024/25 will help us overcome the economic challenges we face and improve what we offer our beneficiaries.

Our top ten goals (below) will also help us to create the conditions necessary to drive the core principles of our Future Ready Strategy, in a year which will be a crucial step on the journey to making our organisation fully inclusive, ready for growth, and centred around the needs of our beneficiaries, volunteers and employees.

Our top 10 goals for 2024/25

OUR OFFER

1 Refined Sea Cadets Experience fully implemented:

- Volunteers empowered to deliver more district level training
- Navigation, meteorology & piping embedded in the cadet training programme
- The new competition programme embedded
- 80 sessions updated or added to Programmes Online
- Welfare training for support of camps progressed

2 Increased cadet voice:

- 50%+ of units holding regular cadet forums

3 Cadet Royal Navy engagement increased:

- 20% of cadets offered the opportunity to meet the Royal Navy
- Two specialisations/proficiencies updated to reflect today's Royal Navy

4 Maritime career opportunities increased for cadets:

- Royal Navy careers link strengthened, with career awareness sessions for cadets
- At least two careers fairs delivered

5 Marine Society College offer further developed:

- Increased maritime qualifications and apprentice enrolments
- Grown industry placements & Coming Ashore programme

OUR PEOPLE

6 Volunteers and employees further supported:

- Additional safety, leadership & Equity, Diversity and Inclusion (EDI) training
- Digital volunteer onboarding launched and employee induction improved
- National framework for volunteer mentoring commenced
- Flexible volunteering progressed

INCLUSION & GROWTH

7 Providing Sea Cadets to even more young people:

- 500 more cadets
- 30 new sections/units opened

8 Our approach to EDI progressed:

- Policies and guidance further developed
- Access/inclusivity guidance for units developed

ENABLERS

9 Digital and Facilities improvements:

- Further Sea Cadets Portal enhancements implemented
- Midlands Boat Station operational
- Two adventure training centres delivered
- Four regional shooting hubs, 75 unit drill hubs and 72 air rifle centres delivered

10 £3m fundraising delivered:

- Launch of 'Friends of MSSC' programme
- Offshore, adventure training and bursary appeals launched

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

MSSC'S LAMBETH ROAD, LONDON PREMISES

The former MSSC building and land at 202 Lambeth Road remains the property of the charity and is currently being marketed for disposal.

CHARITY OBJECTS

The objects of the Marine Society & Sea Cadets (MSSC), a charity registered in England and Wales 313013 and in Scotland SC037808, are set out in its governing instruments which are based on the Act of Incorporation of 1772, the Charities (Marine Society) Order 1976 No 147 and subsequent Charity Commission schemes, the latest being that dated 22 November 2004. The Objects of the charity are:

- to promote the development of young people in achieving their physical, intellectual and social potential as individuals and as responsible citizens by the provision of education and leisure time activities using a nautical theme
- to advance the education of seafarers in such ways as the Council shall determine but including (at the discretion of the Council) the following:
 - the provision in ships and on shore of a comprehensive library service in any media for the use of seafarers
 - the assistance of persons preparing for or entering upon a maritime career by the provision of training, the payment of fees, maintenance and other expenses and the making of loans
 - the award to seafarers of scholarships, bursaries and maintenance allowances tenable at nautical or other schools or training establishments
 - the making of grants or loans to nautical or other schools or training establishments which are charities or to other organisations established for charitable purposes only which provide facilities for and encourage young persons to become seafarers
- the advancement of the education of the public in maritime matters
- the promotion of scientific or other research of particular benefit to seafarers and the publication of the useful results of such research
- the provision in the interests of the social welfare of seafarers of facilities for recreation and other leisure-time occupation, being facilities which will improve their conditions of life and of which they have need by reason of their social and economic circumstances
- the relief of financial hardship among seafarers and their dependants

"Seafarers" used above is a term defined as:

- persons who have served, are serving, or intend to serve in the Royal Navy, the British Merchant Navy or fishing fleets or any other maritime career
- persons who are serving in the navies, merchant navies or fishing fleets of such other countries as the Council from time to time determines
- Members of the Sea Cadet Corps; and
- any other young persons considering or interested in a maritime career

"Sea Cadet Corps" (SCC) means properly constituted maritime cadet units that conform to the policies of Sea Cadet Regulations established by the charity and that are formally affiliated to it.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

HISTORY

The Marine Society was founded in 1756 by Jonas Hanway, a London-based philanthropist, with the aim of encouraging young men and boys of good character to join the Royal Navy at the start of the Seven Years' War. Incorporated in 1772, the Society commissioned in 1786 the first sea training ship in the world, the 350-ton Sloop *Beatty*, and went on to provide sea training all the way up to the Second World War. It was estimated that over 110,000 men and boys were trained and equipped by the Society over this period.

The Sea Cadets movement dates back to 1856 when sailors returning from the Crimean War started up 'Naval Lads' Brigades' in ports around the country. In 1910 the Navy League sponsored a small number of independent units, which received Admiralty recognition in 1919. In 1937 Lord Nuffield gave £50,000 to fund the re-launch and expansion of the Corps and five years later the Admiralty started to pay for uniforms, equipment, travel and training. In 1976 the Navy League was renamed the Sea Cadet Association. In 1963 the Girls' Naval Training Corps (GNTC), which had been formed in 1942 with objectives similar to those of the Sea Cadet Corps, became a partner organisation of the Sea Cadets, often sharing facilities. In 1980, the GNTC merged with the Sea Cadets, firstly as the Girls Nautical Training Contingent, until becoming fully absorbed in 1992. Girls and women currently make up over a third of all cadets and volunteers.

MSSC was formed in 2004 on the merger of The Marine Society and the Sea Cadet Association (SCA) with the merged organisation retaining the constitution of The Marine Society. The SCA (registered charity number 306141 & company number 404951) is now a subsidiary of MSSC.

PRINCIPAL ACTIVITIES

The activities broadly relate to those of promoting Sea Cadets activity and helping seafarers realise their ambitions.

The charity supports the maritime industry through the provision of Marine Society College activities, by promoting career opportunities in the maritime sector, upskilling seafarers using new technologies, whilst supporting others to transition ashore into maritime-related roles. As an approved Government-funded training provider and Ofsted-rating 'Good', Marine Society will build on its global reputation for supporting seafarers offering advice and guidance, scholarships, bursaries, apprenticeships, a growing range of post-16 to graduate courses as well as delivery of crew libraries and specialist book sales.

The charity acts as the franchisor for Sea Cadets units – local groups are constituted as separately registered charities. The charity sets Sea Cadets regulations, issues guidance and performs inspections to ensure that the highest of standards are maintained. It provides support in many other ways including provision of uniforms, equipment, onshore and offshore training and related travel, business and unit support and Disclosure and Barring Service (DBS) checks. The charity does not have overall control over the day-to-day operation of the individual units.

Sea Cadets units operate across the United Kingdom, with a total as at 01 April 2024 of 14,243 cadets (11,657 in England, 1,245 in Scotland, 737 in Wales, 352 in Northern Ireland and 252 overseas). There are 311 established units in England, 35 in Scotland, 20 in Wales and 12 in Northern Ireland, with a further two in Bermuda and one each in Jersey, Guernsey, Isle of Man and Malta. Within these units there are 977 sections - 795 England, 89 Scotland, 52 Wales, 27 Northern Ireland, 2 Bermuda, 7 Channel Islands (Jersey and Guernsey), 2 Isle of Man and 3 Malta. The charity maintains six area offices, five based in England and one in Scotland, three national training centres, two in England and one in Scotland, eight boating stations, seven in England and one in Scotland, and an offshore fleet of five vessels, based in England.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

VOLUNTEERS

The charity relies extensively on volunteers to support the delivery of its training and other activities to Sea Cadets, and to serve as unit management team members (trustees) of Sea Cadets units. As at 01 April 2024 there were 4,761 adult instructional volunteers, 1,464 unit management team members and 2,678 other volunteers. In total 8,903 volunteers (7,381 in England, 750 in Scotland, 454 in Wales, 193 in Northern Ireland and 125 overseas). We are extremely grateful for the generosity of time, huge commitment and can-do attitude of our volunteers in making the Sea Cadets the success that the organisation is.

KEY RISKS AND UNCERTAINTIES

The Council is responsible for management of the risks and uncertainties faced by the charity, assisted by senior staff. The Council undertook an annual review of the organisation's risk management process through the Safety, Safeguarding, Inclusion and Risk Committee in July 2023, and together with the Policy Development and Nominations Committee and the Financial Investments Audit and Remuneration Committee continued to monitor the charity's key risks throughout the year.

The charity's risk register operates at three principal levels; the Strategic Risk Register, the High Operational Risk Register and Departmental Risk Registers. Each risk identified is described, together with its indicators and mitigating factors in place, and its target and current mitigated scores based upon an impact and likelihood matrix. A commentary is also maintained by risks of actions in progress to further reduce the risk score, which may also be increased should risk circumstances change. All risks and their completeness is reviewed and revised by management and reviewed by the relevant committee, overseen by the Safety, Safeguarding, Inclusion and Risk Committee which meets three times a year.

The Council considers the key risks facing the charity to fall within the following areas:

- Safeguarding children and vulnerable adults
- Health & Safety
- Sufficiency of MOD Grant in Aid funding
- Lack of diversification of funding and support
- Sufficiency of financial reserves
- Public perception and reputation
- Stakeholder management, and in particular, key stakeholder support

The key mitigating 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
- Internal audit review of targeted areas
- External audit

The Council is satisfied that key risks identified are adequately managed and these are reviewed by the full Council. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are adequately managed.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024
FINANCIAL REVIEW**

Income

Total income amounted to £18,842K (2023: £16,503K), an increase of 14% over the previous year.

Donations, legacies and other income are £2,672K up on last year. This increase is primarily from £2,100k received for Midlands Boat Station and £591k from DCMS for the Waiting List Project which aims to open 58 new Sea Cadet or Royal Marines Cadet sections, particularly in areas of deprivation across England. Each new Section will provide 25 new cadet places creating a total of 1,450 places. The project started in November 2022 and runs through to March 2025.

We continue to remain sincerely grateful for the continued support provided by the MOD in helping finance the Sea Cadets through the grant in aid.

Expenditure

Total expenditure was £18,620K (2023: £18,780K).

The cost of safeguarding and supporting Sea Cadets activity and infrastructure increased by £498K (5%) – the majority in delivering the DCMS project (see above). Sea Cadets training decreased by £689K (13%) – this reflects a normalising of activity following the pandemic and training review. Marine Society costs decreased by (£236k (25%)) mainly due to reductions in professional fees for ESFA.

Net income and other movements

Overall, net income before investment gains was up by £2,499K to £222K mainly due to the significant increase in restricted grant income. The £222k is broken down to restricted funds £862K and Unrestricted funds (£639K).

It has been the policy of the charity since 2012/13 to set aside long-term gains from its expendable endowment for current expenditure. The drawdown amounted to £622K (2023: £401K) based on an up to 4.0% agreed return set by the Trustees following advice from the investment managers.

Investment portfolio gain in the year were £847K.

Balance sheet

The net book value of tangible and intangible assets increased by £2,156k mainly due to the expenditure on the Midlands boat station – offset by the depreciation charge.

The value of investments portfolio increased by £997k.

Cash at bank has decreased by (£2,816K) mainly due to investment in fixed assets.

Total debtors have increased by £742K, mainly due to Trade debtors which have increased by £321k and Accrued income £418k.

Total creditors have decreased by (£3K) due to an increase in InterCompany and Trade Creditors, offset by a reduction in Grants payable and Accruals.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

SAFEGUARDING POLICY

MSSC Safeguarding Policy Statement

'At Marine Society and Sea Cadets (MSSC) we recognise our responsibilities to ensure that in line with our duty of care we safeguard and protect the children & young people and adults at risk with whom we work, doing all we can to promote their safety, health, well-being and happiness. We continually strive to be a respected and trusted organisation where everyone feels safe to participate in all our activities and our cadets and adults understand their right to be-protected from all forms of harm.'

MSSC accords the utmost priority to the safety of vulnerable and groups and those groups & individuals with protected characteristics. All have the right to be free to work, learn and develop their potential without fear of discrimination or exclusion. All members of the MSSC will be valued and their rights to opportunity, protection and safety fully respected. This is underpinned by the charity's values and other supporting policies and procedures including our Equity, Diversity and Inclusion policies.

FUNDRAISING STANDARDS

Open and accountable

The MSSC works hard to ensure that everyone supporting the charity understands how their money will be used to help launch young people for life today, whatever they want to do after school, and help people who work on the sea to keep learning all their lives. This is reflected in the low levels of negative feedback we receive, and the absence to date in recent years of formal complaints to the charity.

Complaints and negative feedback

Should we receive a complaint related to fundraising, we would respond on a one-to-one basis as quickly as possible, maintaining full records. No complaints were received in 2024 nor 2023.

Contacting our supporters and supervising our fundraisers

The charity prides itself on a high standard of ethical fundraising and we continually review how we contact the public to ask for support. This ensures that we follow regulations, meet our own high standards and exceed the public's expectations, including ensuring the charity's compliance with General Data Protection Regulation (GDPR) (EU) 2016/679.

MSSC staff and volunteers carry out the vast majority of the charity's fundraising activities. We did not work with any professional fundraisers and fundraising organisations in 2023/2024. The Trustees are aware of the need to comply with regulations from the Charities (Protection and Social Investment) Act 2011. The MSSC ensures that our approach to commercial participators, professional fundraisers and our contracts with them are in compliance with the regulations.

Protecting our reputation, money and other assets

As a charity, gaining supporters' trust is incredibly important. The MSSC must demonstrate that it is a responsible and worthy recipient of supporters' generous donations. We therefore work hard to ensure that we manage our money and other assets responsibly and do all we can to maintain our good reputation by being transparent and trustworthy.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

FUNDRAISING STANDARDS (cont)

The MSSC takes its responsibility for managing supporters' donations very seriously and applies rigorous financial controls to ensure funds are securely held and properly accounted for at all times. The MSSC strives to make the supporters' experience simple – making it easy to donate in a way that suits individuals, whether that is online, by post, over the phone, or through other means. The MSSC works hard to ensure that its fundraising communications are truthful and fairly describe its activities.

Protecting the vulnerable

The MSSC takes its responsibility towards supporters who may be considered to be in vulnerable circumstances very seriously. Our fundraisers respond sensitively and appropriately to any individual whom they might consider to be in a vulnerable circumstance. The team is further supported by an in-house safeguarding department which is able to intervene when flagged.

Compliance with fundraising laws and regulation

Fundraising regulation goes through continuous change. Through membership of industry bodies, subscription to charity sector publications, and staff continuing professional development we ensure that our fundraising teams keep up to date with amendments to regulations and professional practice, and their changing responsibilities.

The Trustees are satisfied that MSSC adhered to the appropriate fundraising standards for the year ended 31 March 2024. The charity is a paid-up member of the Fundraising Regulator.

Compliance with recognised standards

Every member of our fundraising team is responsible for making sure that they are compliant with the standards laid out in the Fundraising Regulator's Code of Fundraising Practice. This is carefully monitored by senior management. We are satisfied that we meet all current standards.

Fundraising Performance

In the year ended 31 March 2024, the MSSC raised £4,246K through various fundraising activities, with total fundraising costs amounting to £358K, resulting in a net income of £3,888K. This represents a 310% increase compared to the previous year (£1,252K), mainly due to the DCMS funding.

Fundraising Activities

Our fundraising efforts included bid writing to trusts and statutory bodies, corporate partnerships, individual giving programmes, membership programmes as well as supporting local Sea Cadets units with their own fundraising efforts. These activities were crucial in helping us achieve our financial goals and further our mission.

Governance and Oversight

The Board of Trustees oversees all fundraising activities, supported by the 'Finance, Investment, Remuneration and Audit Committee' and 'Policy, Development and Nominations Committee'. This governance structure ensures that all activities are conducted ethically and in compliance with regulations.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

INVESTMENT POLICY

Cazenove took over managing the investment portfolio from Investec this year (£13.5m) We also hold a treasury portfolio of KW Investment Management (£5.6m) and hold an investment property managed directly by the charity (£1.2m) (see Note 12).

The investment aims are to create sufficient income and capital growth to enable the Charity 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.

As such the current investment objective is to generate a minimum total return in excess of UK CPI plus 4% net of fees per year over rolling five-year periods.

The annual drawdown requirement is approximately 4% of the value of the Portfolio. The Assets are not permanently endowed, and the Portfolio is to be run on a total return basis with the drawdowns made up of dividend income and, when required, capital.

The Charity is prepared to take a "medium level" of investment risk relative to the risk profile of UK charities investors in general. As such, the expectation is that the Investment Managers will not take more than 80% of equity market risk, at any one time.

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.

Ethical considerations

The Trustees would like to invest in a responsible and sustainable way and therefore expect the investment manager to take into account ESG factors when making investment decisions, as well as a carbon aware approach.

Timing of returns and liquidity requirements

The investment horizon is ongoing and there are currently no planned significant future capital requirements from the Portfolio. The Client will update the Investment Managers in good time if capital drawdowns are required.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

Performance

The Investment Managers will be measured against UK inflation (CPI) + 4% and the Arc Steady Growth Charity Index.

The Trustees continue to monitor investment performance and are grateful for the assistance of the investment managers, Cazenove.

Review of investment managers

A tender exercise for the provision of investment management services to the charity was conducted in 2023, with the assistance of Independent Investment Reviews Ltd. Following a full and fair competition, Cazenove have been appointed and are suitably authorised persons within the meaning of the Financial Services and Markets Act 2000.

Ruffer have been appointed to manage the funds raised from the sale of the old HQ.

RESERVES POLICY

Total funds at the year-end as detailed in note 18 were £37,389K, (2023: £36,321K). This is made up of :

£16,533K (2023: £15,671K) restricted funds. These are funds that have been given to us for specific purposes. Most significantly these include Fixed Asset funds to cover depreciation of Restricted Assets, Bursaries, Annual Funds, Branch and District funds. Specific funds are for Arms and Ammunition, maintenance and replacement of Offshore fleet, On the Water and development of Midlands Boat Station and Middle Hill

£18,231K (2023: £17,384K) endowment funds. These funds were taken on as part of the merger and have been recognised as expendable endowment funds since then. We recognise the investments income as unrestricted, this drawdown amounted to £622K (2023: £401K) based on an up to 4.0% agreed return set by the Trustees.

£1,214K (2023:£1,774K) designated funds. These are for cadet outreach, boat station development, and future developments over the Future Ready strategy funded from the property transaction.

After accounting for intangible and tangible fixed assets of £570K (2023: £570K) this leaves unrestricted funds, comprising free reserves of £842K (2023: £922K).

The charity does not retain MOD grant monies as part of its reserves. The reserves policy of the charity is a risk based approach, meaning that the reserves reflect the risk of loss of specific income (see key risks page 21) and the risk of the most significant costs increasing. On the basis of this approach the trustees have agreed our free reserves target is **£2.8 million**.

A breakeven budget has again been set in the current year. It is unlikely the charity will be able to meet its reserves targets and instead will have to rely on expendable endowment to act as a reserves buffer. The policy has clear dangers for the charity in the long term so any drawdown that may be made will be kept to an absolute minimum. It is at the complete discretion of Trustees as to the level of support the charity will give to the Sea Cadet movement in the event of shortfalls in public funding.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024
GRANT MAKING POLICY**

Grants awarded in 2024 amounted to £1,271K (2023: £1,316K). Individual Sea Cadets units are separate registered charities and thus financial support is paid via grants. The policy of the charity is to grant monies for one-off items to support the Sea Cadet Corps and individuals (members of the Sea Cadet Corps or seafarers) to help them either facilitate or receive approved training or qualifications. In addition, grants are provided to volunteers to allow upkeep or purchase of uniforms on promotion or for wear and tear during the year. Payments are made in accordance with published scales.

STAFF REMUNERATION POLICY

As a charity, it is important we achieve balance in ensuring value for money, including how we pay our staff, with the need to attract, motivate and retain the right people to ensure we are able to deliver our ambitious plans and so maximise our impact on our beneficiaries. Therefore, our principles are to pay fair salaries that are consistent with our commitment to equality and diversity; that we remain competitive within the industry and geographic location of the role; are appropriate for the level of responsibility; and are in keeping with our charitable status. Headcount is reviewed annually as part of our budgeting process.

Governance of Pay

The Council approves the Pay and Benefits Policy, and the Finance, Investments, Remuneration and Audit Committee is appointed as a committee of the Council to approve pay related matters. The Council delegates to this committee the annual pay review and determining the CEO and senior management team salaries. This committee meets quarterly.

Annual pay review

Salaries are normally reviewed annually in April / May with any pay increases being paid from 1 June. We benchmark salaries to ensure that we are paying appropriately and that we broadly fall within the mid-point for similar organisations. Where we find salaries that are not aligned, we adjust accordingly. There is no obligation to increase salaries, however if it is affordable and we have performed well, then a uniform inflationary increase may be applied. This is awarded to all staff, including senior staff, with the exception of those who are within their probation period or have resigned, or those who have already received an increase that year. Salaries had an inflationary pay increase of 4% in June 2023 and June 2022. We also applied an additional £1,250 for all staff in January 2023 to recognise the significant pressures of the cost of living increases.

PUBLIC BENEFIT

The Council members continue to give due regard to the public benefit provided by the charity in relation to its charitable purposes as set out in the activities and achievements outlined in this report and have given due consideration to guidance issued by the Charity Commission on this matter.

The aim of Sea Cadets activities is to give young people the best possible head start in life through nautical adventure and fun, based on the customs and traditions of the Royal Navy.
"Adventure that launches young people for life"

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

PUBLIC BENEFIT (cont)

In order to achieve this, Sea Cadets units take young people from all backgrounds, including where possible those with disabilities and develop their skills and abilities by:

- Inspiring young people through regular and structured activities with a nautical theme
- Encouraging young people to take part in activities connected with the wider Sea Cadets movement, including inshore boating and offshore voyages, as well as events and competitions at District, Area and National levels
- Availability of formal externally recognised educational achievements whilst taking courses to earn badges and promotions

Charges are kept low in order to ensure all those who wish to take part in Sea Cadets activities may do so. Where further financial support is required for those on low incomes, a wide range of bursaries are available.

The aim of the Marine Society is to give aspiring and serving seafarers the best possible lifelong learning opportunities tailored to their individual needs.
"Realising Seafarer Potential".

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

- Promoting career opportunities into the maritime sector
- As an approved Government-funded training provider with Ofsted-rating 'Good', offering advice and guidance, scholarships, bursaries, apprenticeships and a growing range of post-16 to graduate courses
- Delivering upskilling courses to aspiring and serving seafarers around the world through use of digital learning
- Supporting others to transition ashore into maritime-related roles.
- Providing a ship's library service for seafarers at sea and specialist book sales.

The Council members are thus satisfied that the charity provides substantial public benefit.

ORGANISATIONAL STRUCTURE AND GOVERNANCE

The charity is governed by a board of unpaid non-executive Council members who act as Trustees. Details of the Council Members who served during the year, and as at the date of this report, together with details of the executive management and professional advisors, are shown on pages 63-64.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024****ORGANISATIONAL STRUCTURE AND GOVERNANCE (cont)**

The Council meets at least three times a year and is supported by members of the senior management team. Responsibility for reviewing key areas of activity is delegated to committees which report back to the Council meetings. The committees, with specific terms of reference, may also include specialist co-opted members as well as Council members to ensure that expert opinion is available. The day-to-day management of the charity and the exercising of executive responsibility are delegated to the CEO and senior management team. Meetings of the Council are also attended by one of our current First Sea Lord Cadets.

The current committees and their primary purposes are:

Finance, Investment, Remuneration & Audit Committee

- Oversees the financial affairs of MSSC, including management accounts, budgeting and the preparation of statutory accounts
- Formulates Investment policy and oversees the management of Investment assets
- Oversees and ensures the proper conduct of the internal audit process in accordance with Council requirements
- Oversees the remuneration, terms and conditions and performance review of MSSC's CEO and HQ senior management
- Oversees the appointment and remuneration of the external auditors and receiving reports from them

Policy, Development and Nominations Committee

- Develops and recommends strategy and policy for the optimum use of MSSC resources in order to fulfil its objects in the medium to long term (2 – 10 years)
- Advises Council on major strategic issues, especially those which do not fall within the remit of any other major committee, and for monitoring the implementation of MSSC's strategic plan, keeping it under review, and advising Council on its revision
- Considers and approves guidelines for fundraising and public profile strategies
- Nurtures and develops relationships with external stakeholders (including MOD, Skills Funding Agency (SFA) and public funding bodies) in order to maximise support
- Sets and monitors performance against established targets (KPIs)
- Undertakes a nominations function, in liaison with MSSC Chairman, for appointment to MSSC Council and the Committees

Safety, Safeguarding, Inclusion & Risk Committee

- Reviews the quality of services and activities undertaken by MSSC (and SCC) to ensure that they are safe (with particular consideration to the need to protect its young people), high quality, inclusive and appropriately risk assessed
- Ensures the maintenance of an effective system of integrated governance and risk management that supports the achievement of the organisation's objectives

National Sea Cadets Forum (Known as National Cadet Voice Team)

- Composed of Sea Cadets, the forum supports the aims and objectives of the SCC, providing ideas and feedback to the MSSC from cadet forums at Area level. In the year, work continued to create cadet forums at District level to link in to the Area Cadet forum and in turn the National Sea Cadets forum.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2024

ORGANISATIONAL STRUCTURE AND GOVERNANCE (CONT)

National Sea Cadets Advisory Council (NSCAC)

- Primarily composed of representatives and volunteers of the SCC and MSSC management team. The council supports the aims and objectives of SCC and provides advice to its principal national sponsors. From 9 July 2014, the chair of NSCAC was invited to be a Trustee of MSSC for the period of office.

Appointment, induction and training of Council members

Council members (Trustees) are co-opted by the board and elected by the charity's members at the AGM following their appointment according to the provisions of the Society's Scheme. A Council member, who has previously been re-elected at an AGM, is eligible for re-election only with the prior approval of the Council. The Society's Scheme formally provides that one-third (rounded down) of the elected Council members shall retire at each AGM. 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.

The induction process for a new Council member comprises initial meetings with the Chairman and other members of the board, followed by meetings with the CEO and senior management team, through which the individual will be briefed on the remit of the charity and the powers and responsibilities of its Trustees. The charity aims to provide all new Council members with the information necessary to ensure that they are fully equipped to contribute to the organisation within their powers. Council members are informed of current and evolving issues within the sector by the senior management team.

Membership and Branches

The MSSC is a membership organisation and currently enjoys the support of some 600 members who pay an annual subscription to the Charity. MSSC has five (2023: five) branches within the United Kingdom made up of members of the charity who reside within its locality. The annual subscriptions of those living within the catchment area of a branch are returned to the branch committee to be applied for the benefit of local Sea Cadets units and MSSC initiatives. These branches are an active and welcome force in spreading the charity's message at a local level.

THE CHARITY GOVERNANCE CODE

The Trustees have considered the new third edition of the Charity Governance Code for larger charities, published in July 2017 by the charity sector's The Code Steering Group (the Association of Chief Executives of Voluntary Organisations, the Association of Chairs, Small Charities Coalition, the Institute of Chartered Secretaries and Administrators, The Governance Institute, the National Council for Voluntary Organisations and the Wales Council for Voluntary Action). The code is supported and endorsed by the Charity Commission in England and Wales.

The code lays out principles for seven key areas of governance together with recommended practice for each principle; organisational purpose, leadership, integrity, decision making, risk and control, board effectiveness, diversity, openness and accountability.

The Trustees consider that the charity continues to comply with the principles of the code.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

INTERNAL AUDITOR'S REPORT TO THE COUNCIL

The Internal Auditor reported to the Council in July 2024 as follows:

Based on the work performed during the year, it is the opinion of Internal Audit that MSSC has an adequate and effective framework of governance, risk management and control in place to support the organisation's objectives as laid out in its Vision and Strategy.

Following each audit engagement, actions to address any identified control weaknesses have been agreed with management and progress against these agreed actions are monitored by Internal Audit and reported to the Finance, Investments, Remuneration & Audit (FIRA) Committee on a regular basis. In the opinion of Internal Audit, no control weaknesses have been identified during the year which are of such significance to warrant specific disclosure in the Annual Governance Statement.

STATEMENT OF THE ACCOUNTING OFFICER

The Chief Executive Officer (CEO) as designated Accounting Officer in accordance with the current ten year Memorandum of Understanding with the MOD dated 13 December 2018, should ensure that MSSC and any subsidiaries to it or organisations sponsored by it, operates in respect of the GIA effectively and to a high standard of probity. The MSSC should in respect of the GIA:

Governance

- Have a governance structure which transmits, delegates, implements and enforces decisions
- Have trustworthy internal controls to safeguard, channel and record resources as intended
- Work cooperatively with partners in the public interest
- Operate with propriety and regularity in all its transactions
- Treat those with whom they deal fairly and honestly
- Offer redress for failure to meet agreed stakeholder standards; and
- Give timely, transparent and realistic accounts of the MSSC

Decision-making

- Provide the Ministry of Defence (MOD) with clear, well-reasoned and timely information in accordance with the Memorandum of Understanding
- Make all its decisions in line with the strategy, aims and objectives of the charity
- Take a balanced view of the MSSC's approach to managing opportunity and risk

Financial management

- Comply with Public Sector Internal Audit Standards (PSIAS) in order that the Principal Accounting Officer may receive an annual assurance on risk management, governance and control
- Use its resources efficiently, economically and effectively, avoiding waste and extravagance
- Plan to use its resources on an affordable and sustainable path, with agreed limits
- Carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and seeking good value for money
- Use, where possible, management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments
- Avoid over defining detail and imposing undue compliance costs, either internally or on the charity's stakeholders and others with whom it deals

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

STATEMENT OF COUNCIL'S RESPONSIBILITIES

- Have practical documented arrangements for working in partnership with other organisations, as appropriate
- Use internal and external audit to improve its internal controls and performance

In order for the Chief Executive Officer to provide assurance on the above matters the following measures are in place:

- Delegated authorities are formally agreed by the Council under Financial Standing Orders. Part of these require CEO authorisation of all expenditure over £10,000 with three comparable quotations and a business plan required in respect of new projects with a value in excess of £10,000
- All payments are made from a single bank account or from approved centrally managed credit and debit cards
- An internal audit function performs regular reviews, following a three year audit plan based on the risk profile of the charity

The Council as Trustees are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations. Charity law requires the Council to prepare financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under charity law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net outgoing resources for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgments 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 presume that the charity will continue to operate.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2024**

AUDITORS

A resolution to reappoint MHA will be tabled at the Annual Court.

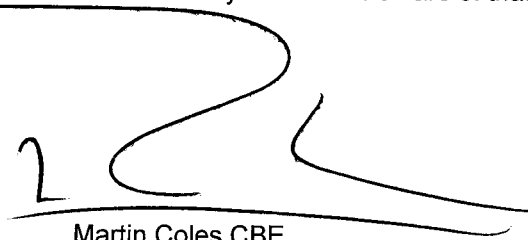
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

On behalf of the Board:


Jeremy Penn
Council Member and Chairman

9 July 2024


Martin Coles CBE
Chief Executive Officer
& Grant in Aid Accounting Officer

9 July 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinion

We have audited the financial statements of The Marine Society & Sea Cadets (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Other information

The other information comprises the information included in the Report & Accounts of the Council other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Report & Accounts of the Council. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report & Accounts of the Council is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Council's Responsibilities, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place;
- Testing the operational effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees 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 charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



MHA

Statutory Auditor
London, United Kingdom
Date: 06/08/2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2024**

	Notes	Unrestricted	Restricted	Endowment	2024	2023
		Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	806	3,440	-	4,246	1,574
Charitable activities	3	1,616	12,008		13,624	14,251
Other trading activities	8	32	-	-	32	43
Investments	4	940	-	-	940	635
TOTAL INCOME		3,394	15,448	-	18,842	16,503
EXPENDITURE ON:						
Raising funds		389	-	-	389	364
NET INCOME AVAILABLE FOR CHARITABLE ACTIVITIES		3,005	15,448	-	18,453	16,138
Total charitable activity costs	5	3,644	14,587	-	18,231	18,416
TOTAL EXPENDITURE		4,033	14,587	-	18,620	18,780
Balance carry forward		(639)	861	-	222	(2,277)

The notes on pages 42 to 64 form an integral part of these accounts

¹ Donations and legacies includes unrestricted costs of raising both unrestricted and restricted income.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2024

	Notes	Unrestricted	Designated	Restricted	Endowment	2024	2023
		Funds £'000	Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
NET INCOME (EXPENDITURE) BEFORE INVESTMENT GAINS (LOSSES) Brought Forward		(639)		861	-	222	(2,277)
Net gains (losses) on investments	12	-		-	847	847	(889)
NET INCOME (EXPENDITURE)		(639)		861	847	1,069	(3,166)
Transfers between funds	17, 18	561	(561)	-	-	-	-
NET MOVEMENT IN FUNDS		(78)	(561)	861	847	1,069	(3,166)
TOTAL FUNDS 1 APRIL 2023		1,492	1,774	15,671	17,384	36,321	39,487
TOTAL FUNDS 31 MARCH 2024	15- 18	1,414	1,213	16,532	18,231	37,390	36,321

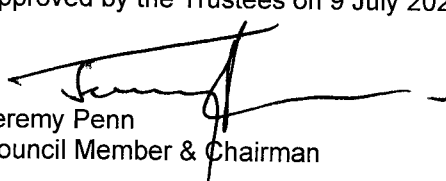
All amounts relate to continuing activities.

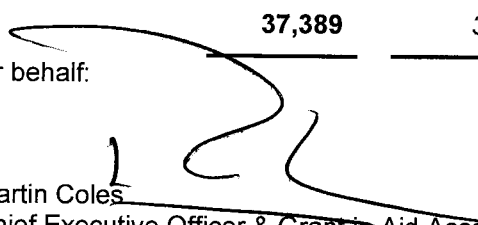
The notes on pages 42 to 64 form an integral part of these accounts

CONSOLIDATED BALANCE SHEET
31 MARCH 2024

			2024	2023
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		177	435
Tangible assets	11		15,169	12,755
Investments	12		20,216	19,219
			35,562	32,409
CURRENT ASSETS				
Stocks		463		477
Debtors	13	980		238
Cash at bank and in hand		5,442		8,258
		6,885		8,973
CREDITORS				
Amounts falling due within one year	14	(5,058)		(5,061)
NET CURRENT ASSETS (LIABILITIES)			1,827	3,912
NET ASSETS			37,389	36,321
THE FUNDS OF THE CHARITY	15-18			
Unrestricted funds				
Fixed assets		570		570
Other		842		922
			1,412	1,492
Designated funds	17		1,214	1,774
Restricted funds				
Fixed assets	15	5,630		8,606
Other	15	10,902		7,065
			16,532	15,671
Endowment funds	16		18,231	17,384
	18		37,389	36,321

Approved by the Trustees on 9 July 2024 and signed on their behalf:


 Jeremy Penn
 Council Member & Chairman

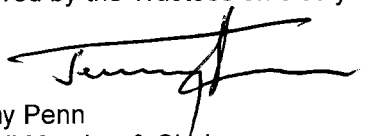

 Martin Coles
 Chief Executive Officer & Grant in Aid Accounting Officer

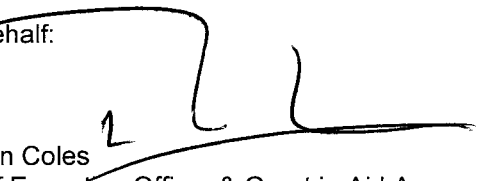
The notes on pages 42 to 64 form an integral part of these accounts

CHARITY BALANCE SHEET
31 MARCH 2024

			2024	2023
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		177	435
Tangible assets	11		15,169	12,755
Investments	12		20,221	19,224
			35,567	32,414
CURRENT ASSETS				
Stocks		463		477
Debtors	13	991		255
Cash at bank and in hand		5,396		8,210
		6,850		8,942
CREDITORS				
Amounts falling due within one year	14	(5,055)		(5,059)
NET CURRENT ASSETS (LIABILITIES)			1,795	3,883
NET ASSETS			37,362	36,297
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		570
Other		815		898
			1,385	1,468
Designated funds			1,214	1,774
Restricted funds	15			
Fixed assets		5,630		8,606
Other		10,902		7,065
			16,532	15,671
Endowment funds	16		18,231	17,384
	18		37,362	36,297

Approved by the Trustees on 9 July 2024 and signed on their behalf:


Jeremy Penn
Council Member & Chairman


Martin Coles
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 42 to 64 form an integral part of these accounts

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash (used by)/provided by operating activities	(a)	(273)	(864)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	4	76	36
Investment income	4	864	599
Purchase of fixed assets	10&11	(3,332)	(600)
Proceeds from sale of fixed assets		(1)	3
Purchase of investments	12	(8,004)	(8,302)
Proceeds from sale of investments	12	7,854	8,275
Net cash generated by/(used in) investing activities		(2,543)	11
INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND IN THE YEAR		(2,816)	(853)
CASH AT BANK AND IN HAND 1 APRIL 2023		8,258	9,110
CASH AT BANK AND IN HAND 31 MARCH 2024		5,442	8,258

NOTES TO CASH FLOW STATEMENT

		2024	2023
		£'000	£'000
(a) Reconciliation of net income (expenditure) to Net cash flows from operating activities			
Net income/(expenditure)		1,069	(3,166)
Depreciation	10 & 11	1,167	1,163
(Gains)/losses on investments	12	(847)	889
Gains / (Losses) on the sale of tangible fixed assets		9	20
Decrease in stocks		14	97
Decrease in debtors		(742)	259
Increase/(Decrease) in creditors		(3)	510
Interest received and investment income	4	(940)	(635)
Net cash (used by)/provided by operating activities		(273)	(864)

As the Group does not have any debt, an analysis of net debt has not been produced.

The notes on pages 42 to 64 form an integral part of these accounts

**NOTES TO THE ACCOUNTS
YEAR ENDED 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 Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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 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 results of the charity and its subsidiaries are consolidated on a line-by-line basis after intercompany transactions and balances have been eliminated.

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.

Whilst one of the main charitable purposes of the Fund is to support the activities of Sea Cadets and seafarers, the level of this necessary expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Group's working capital and capital expenditure requirements. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

The key sources of estimation and/or judgement 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.

Legacies are recognised at the earlier of receipt, completion of estate accounts or notification by the executors of an estate of a distribution.

Income received from the sale of goods and service is recognised in the year the sale occurs or the good is provided. Income from training, events and offshore activities is recognised in the year the activity or event is delivered.

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2024**

1. ACCOUNTING POLICIES (CONTINUED)

c) Expenditure

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

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 on the basis of headcount (see note 9). Irrecoverable VAT is included in support costs as an overhead cost.
- 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) Definition of liquid resources

Liquid resources included on the cash flow statement are those held as cash at bank and in hand.

f) 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. The charity also makes contributions to a multi-employer defined benefit scheme in respect of former employees. These amounts are also written off as incurred together with any known commitments to fund the deficit of the scheme, where they relate to past service.

g) Intangible and tangible fixed assets

Capital items with a value over £5,000 are treated as fixed assets. Depreciation / amortisation is provided on all fixed assets to write off the cost of these assets over their expected useful life. The following straight line depreciation rates have been used:

Freehold buildings	1.66%	Boats and dinghies	10%
Freehold improvements	10%	Motor vehicles	25%
Leasehold improvements	Lease term	Furniture, Fixtures & Fittings	20%
Training ships and yachts	5%	Computers & software	25%

202 Lambeth Road continues to be treated in line with this policy during its current marketing for sale, pending exchange of contracts, following which it will be reassessed on a market value basis.

h) 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. The Trustees review the valuation of property investments for impairment every year and revalue the investments on a market basis at least every five years.

i) Stocks

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

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (CONTINUED)

j) Endowment and Restricted Funds

Restricted 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. All monies received from the MOD are treated as restricted funds.

Designated funds for investments in future investments including boat stations and outreach work have been set up.

Endowment funds are classified as either permanent - 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. Alternatively, they may be expendable if they relate to those that were given where the intention was clearly for the donation to be held for the longer term but where the funds are ultimately expendable.

k) Heritage assets

The charity has received donations of various naval and maritime paintings and artefacts over its 265 year history. A number of these are housed at the National Maritime Museum in Greenwich and at Chatham Historic Dockyard in Kent. These assets are retained for their historical and cultural significance in relation to the work of the charity, which illustrate and show the unique service the charity has given to the nation. The assets are not held on the balance sheet as they were either donated or have long since been written off, and are not held for their financial value.

It is not the policy of the charity to obtain further artefacts but to preserve those of heritage significance that it owns, which it does with the help of the National Maritime Museum. Alongside the planned relocation of the national offices of the charity, the Trustees reviewed the artefacts held and determined those that should be held for posterity, those that should be gifted to relevant museums and those to be sold. Effecting this is ongoing. No material artefacts have been acquired in the last five years.

l) 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 assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors, and accrued income. Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals. Income arising from financial assets, comprising bank interest is recognised within income and expenditure.

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. Investments in subsidiaries are held at cost less impairment.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

2. DONATIONS AND LEGACIES

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
2023/24 analysis of income				
Donations and subscriptions	80	-	-	80
Legacies	173	-	-	173
Other Major Grants ¹	-	819	-	819
Boat station appeals ²	-	2,150	-	2,150
Bursaries	-	156	-	156
Other restricted funds ³	-	210	-	210
Areas, Branches and Other Income	553	105	-	658
	806	3,440	-	4,246
2022/23 analysis of income				
Donations and subscriptions	118	-	-	118
Legacies	123	-	-	123
Other Major Grants ¹	-	432	-	432
Boat station appeals ²	-	135	-	135
Bursaries	-	64	-	64
Other restricted funds ³	-	245	-	245
Areas, Branches and Other Income	346	111	-	457
	587	987	-	1,574

Legacy

One significant legacy was received this year.

Other Major Grants ¹

Includes grants from DCMS, Seafarers' UK, Trinity House Maritime Charity and Johnnie Johnson Trust

Boat Station Appeals ²

Include major donations from Youth Investment Fund (Midland Boat Station) and DCMS

Other Restricted Funds³

Include major donations from IFAN, ESFA, Shipwrights, Association of Sail Training, Gosling Foundation, Jack Petchey Foundation and Michael Uren Foundation

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2024	2024	2024	<i>2023</i>	<i>2023</i>	<i>2023</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
MOD grant in aid	-	11,577	11,577	-	12,429	12,429
MOD other grants		431	431			
Seafarer education and support	404	0	404	515	2	517
Sea Cadet Corps training	716	-	716	718	-	718
Offshore fleet income	496	-	496	587	-	587
	1,616	12,008	13,624	1,820	12,431	14,251

In addition to the MOD grant in aid (for Sea Cadets activity), the charity receives significant support in kind from the MOD. Eleven Royal Navy personnel are provided on loan, six area offices, three Sea Cadets training centres, Sea Cadets stores, the offshore offices and berthing facilities are also provided at MOD premises, together with ad hoc use of MOD training estate. Fuel for the offshore vessels from Royal Navy sources, some uniforms and various specialist stores items are also provided by the Royal Navy. These are specialised supplies and so there is no commercial value or open market valuation.

4. INVESTMENTS

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2024	2024	2024	<i>2023</i>	<i>2023</i>	<i>2023</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment income (excluding Rental income)	622	-	622	377	24	401
Rental income	242	-	242	198	-	198
Bank interest	76	-	76	36	-	36
	940	-	940	612	24	635

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024
5. ANALYSIS OF EXPENDITURE

	Unrestricted 2024	Restricted 2024	Total 2024	<i>Unrestricted 2023</i>	<i>Restricted 2023</i>	<i>Total 2023</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Safeguarding, supporting Sea Cadets activity & infrastructure	1,084	8,529	9,613	<i>1,088</i>	<i>8,009</i>	<i>9,096</i>
Sea Cadet Corps training	1,637	2,892	4,529	<i>703</i>	<i>4,436</i>	<i>5,139</i>
Offshore fleet	269	2,552	2,821	<i>287</i>	<i>2,470</i>	<i>2,757</i>
Professional seafarer education and support	574	92	666	<i>686</i>	<i>244</i>	<i>930</i>
Promoting Sea Cadets activity	80	522	602	<i>51</i>	<i>442</i>	<i>494</i>
	3,644	14,587	18,231	<i>2,815</i>	<i>15,601</i>	<i>18,416</i>

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2023/24 analysis of costs					
Investment management fees	-	-	57	-	57
Fundraising	-	211	43	74	328
MSSC (Trading) Limited	-	-	4	-	4
Safeguarding and supporting Sea Cadets activity and infrastructure	618	3,847	3,582	1,566	9,613
Sea Cadet Corps training	84	1,809	1,616	1,020	4,529
Offshore fleet	12	981	1,439	389	2,821
Professional seafarer education and support	15	287	295	69	666
Promoting Sea Cadets activity	-	238	219	145	602
	729	7,373	7,255	3,263	18,620

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

5. ANALYSIS OF EXPENDITURE (CONTINUED)

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2022/23 analysis of costs					
Investment management fees	-	-	38	-	38
Fundraising	-	215	67	41	322
MSSC (Trading) Limited	-	-	4	-	4
Safeguarding and supporting Sea Cadets activity and infrastructure	1,150	3,338	3,322	1,286	9,096
Sea Cadet Corps training	3	1,458	2,858	820	5,139
Offshore fleet	102	763	1,539	353	2,757
Professional seafarer education and support	32	313	513	72	930
Promoting Sea Cadets activity	-	206	216	71	494
	<u>1,287</u>	<u>6,293</u>	<u>8,557</u>	<u>2,643</u>	<u>18,780</u>

Other costs include all direct expenditure in relation to areas, branches, onshore and offshore activities.

6. GRANTS PAYABLE

Grants payable were as follows:

	2024 £'000	2023 £'000
Grants to institutions	739	885
Grants to individuals	532	431
	<u>1,271</u>	<u>1,316</u>

Individual grants given are small and not material within the overall total.

Grants to institutions comprise grants made to Sea Cadets units to reimburse expenditure towards premises, minibuses, junior units and emergency needs. It also includes the provision of boats and equipment to units and unit hubs.

Grants to individuals comprise grants to Sea Cadets volunteers for uniforms and bursaries for cadets to take part in activities.

Support costs in relation to grants payable are included within note 7 below.

Grants payable at the year-end are included with creditors (see note 14).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

7. SUPPORT COSTS

The support costs of the charity consist of four elements: Management, Finance & Digital, Premises, and Human Resources. These costs have been apportioned across the work of the charity on the basis of staff numbers in each functional area. The apportioned costs are set out below:

	Fundraising	Safeguarding and SC Infrastructure	Sea Cadets Training	Offshore fleet	Professional seafarer education and support	Promoting Sea Cadets activity	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management	8	124	81	31	8	9	261
EDI	3	47	31	12	3	4	100
Finance and Digital	13	656	427	162	12	76	1,346
Premises	23	346	225	86	22	26	728
Human Resources	19	277	181	69	17	21	584
Governance	8	116	75	29	7	9	244
2024	74	1,566	1,020	389	69	145	3,263

Included within Support costs are salary costs of £1,382K (2023: £1,273K).

Irrecoverable VAT costs included within Support costs amounted to £107K (2023: £88K).

Total Governance costs included in Support were £244K (2023: £189K). These included auditors' fees for external audit £63K (2023: £54K) and tax advice £17K (2023: £1K).

	Fundraising	Safeguarding & Supporting	SC activity & infrastructure	Offshore fleet	Seafarer education & support	Promote SC activity	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management	5	104	66	34	9	7	225
EDI	0				0	0	0
Finance & Digital	10	584	372	150	17	30	1,163
Premises	11	253	163	70	20	14	531
HR	12	253	160	74	21	15	535
Governance	3	92	59	25	5	5	189
	41	1,286	820	353	72	71	2,643

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

8. SUBSIDIARY ORGANISATIONS

The Sea Cadet Association is a charitable company registered in England and Wales (company number Number 404951 and Charity Number 306141). The charity was dormant in the current year and both net income and net assets/funds for the year were £nil (2023: net income and net assets/funds: £nil). The organisation is retained as it is counterparty to a number of leases held by Sea Cadets units and also acts as a vehicle for the receipt of occasional legacies.

MSSC (Trading) Limited is registered in England with company number 9476222. The charity has a £5K (2023: £5K) investment in MSSC (Trading) Limited (note 12), representing 100% of the issued share capital of that company. The results of the company for the year and its balance sheet at the year end were as below. The company made a charitable donation in the year of £24K (2023: £5k) to the charity. The company anticipates making a charitable donation to the charity of £3K in 2024/25 based on profits earned in 2023/24. Year-end net assets stand at £32K (2023: £29K).

	2024 £'000	2023 £'000
Turnover	31	28
Purchases for resale	-	-
Other operating charges	(4)	(4)
Profit on Ordinary Activities before taxation	27	24
Taxation	-	-
Profit on Ordinary Activities after taxation	27	24
Retained profit at 1 April 2023	-	5
Charitable donation to the Marine Society & Sea Cadets	(24)	(5)
Retained profit at 31 March 2023	3	24
	2024 £'000	2023 £'000
Current Assets		
Debtors	25	23
Cash at bank and in hand	46	48
	71	71
Creditors		
Amounts falling due within one year	(39)	(42)
Net Current Assets	32	29
Net Assets	32	29
Capital and Reserves		
Called up share capital	5	5
Profit and loss account	27	24
	32	29

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

9. STAFF COSTS

	2024	2023
	£'000	£'000
Wages and salaries	7,468	6,880
Social security costs	683	622
Pension fund contributions	498	444
Health insurance	128	62
	8,777	8,008

The figures above include £25k for four settlement agreements concluded in the year related to redundancies. The average head count was 207 staff (2023: 193) and the average full time equivalent numbers of employees were as follows:

	2024	2023
Fundraising	6	5
Supporting Sea Cadets activity and infrastructure	83	83
Sea Cadets training	62	65
Offshore fleet	22	22
Promoting Sea Cadets activity	6	5
Seafarer education and support	7	6
	186	186

Included within staff costs are £1,382K (2023: £1,000K) support costs and £nilK (2023: £nilK) costs capitalised within Fixed Assets.

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the six (2023: six) Directors in post (senior management team) listed under Executive Management on page 63. Their total remuneration, (including those not in post at the year-end), including social security costs and pension contributions was £756K (2023: £714K). The Trustees did not receive any remuneration from the charity during the year but were reimbursed for some travel costs, where they chose to claim. Four (2023: Five) Trustees claimed travelling expenses totalling £1.0K (2023: £1.2K).

Twelve employees earned over £60K (2023: ten). Bandings:

	2024	2023
£60K - £70K	5	3
£70K - £80K	2	4
£80K - £90K	3	1
£90K - £100K	1	1
£110K - £120K	*1	*1

* These figures include pension allowances paid to one individual (2023: one) in lieu of employer pension contributions that would otherwise be payable but not shown within remuneration.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

10. INTANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Computers & software	Total
	£'000	£'000
COST		
At 1 April 2023	1,666	1,666
Additions in period	6	6
Disposals in period	-	-
At 31 March 2024	1,672	1,672
AMORTISATION		
At 1 April 2023	1,231	1,231
Provision in period	264	264
Disposals in period	(-)	(-)
At 31 March 2024	1,495	1,495
Net book value		
At 31 March 2024	177	177
<i>Net book value</i>		
<i>At 31 March 2023</i>	<i>435</i>	<i>435</i>

Above includes £nilK (2023: nilK) in respect of assets under construction.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

11. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Freehold building	Building improve- ments	Ships & boats	Furniture & fittings	Motor vehicles	Computers	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST							
At 1 April 2023	717	8,950	11,096	354	465	115	21,697
Additions in period		3,286	-	13	27	-	3,326
Disposals in period	-	-	-	-	(70)	-	(70)
At 31 March 2024	717	12,236	11,096	367	422	115	24,953
DEPRECIATION							
At 1 April 2023	627	1,936	5,575	327	398	79	8,943
Provision in period	12	297	528	9	43	15	903
Disposals in period	-	-	-	-	(62)	-	(62)
At 31 March 2024	639	2,233	6,103	336	379	94	9,784
Net book value At 31 March 2024	78	10,003	4,993	31	43	21	15,169
<i>Net book value At 31 March 2023</i>	<i>90</i>	<i>7,014</i>	<i>5,521</i>	<i>27</i>	<i>67</i>	<i>36</i>	<i>12,755</i>

Building improvements include assets under construction £3,626K (2023: £340K). These are not depreciated until complete.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024
12. INVESTMENTS
GROUP INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Total £'000
Fair value at 1 April 2023	17,032	1,200	987	19,219
Additions at cost	5,682		(85)	5,597
Disposal proceeds	(7,854)		2,407	(5,447)
Movement in Cash	3,294		(3,294)	-
Gain for the year	847		-	847
Fair value at 31 March 2024	19,001	1,200	15	20,216

CHARITY INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Subsidiary £'000	Total £'000
Fair value at 1 April 2023	17,032	1,200	987	5	19,224
Additions at cost	5,682		(85)		5,597
Disposal proceeds	(7,854)		2,407		(5,447)
Movement in Cash	3,294		(3,294)		-
Gain for the year	847		-		847
Fair value at 31 March 2024	19,001	1,200	15	5	20,221

All investments are held in the UK. The subsidiary investment is in MSSC (Trading) Limited, note 8. The cost of the Investment Portfolio including cash was £18,004K (2023: £15,292k). The investment property was 206 Lambeth Road – valued by a Member Royal Institution of Chartered Surveyors.

Fund analysis of gains and (losses):

	2024 £'000	2023 £'000
Endowment (note 16)	847	(889)
Total gains (losses)	847	(889)

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

13. DEBTORS

	Group 2024	<i>Group 2023</i>	Charity 2024	<i>Charity 2023</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	264	<i>44</i>	240	<i>33</i>
Amounts due from MSSC (Trading) Ltd	-	<i>-</i>	35	<i>28</i>
Loans	-	<i>5</i>	-	<i>5</i>
Other taxation and social security	-	<i>-</i>	-	<i>-</i>
Other debtors	63	<i>4</i>	63	<i>4</i>
Prepayments	171	<i>121</i>	171	<i>121</i>
Accrued income	482	<i>64</i>	482	<i>64</i>
	980	<i>238</i>	991	<i>255</i>

14. CREDITORS: Amounts falling due within one year

	Group 2024	<i>Group 2023</i>	Charity 2024	<i>Charity 2023</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	629	<i>276</i>	629	<i>276</i>
Amount due to Slater	116	<i>(101)</i>	116	<i>(101)</i>
Other taxation and social security	185	<i>171</i>	185	<i>171</i>
Grants payable	1,247	<i>1,723</i>	1,247	<i>1,723</i>
Other creditors	706	<i>709</i>	704	<i>709</i>
Pension provision (note 19)	-	<i>-</i>	-	<i>-</i>
Accruals	1,746	<i>1,922</i>	1,743	<i>1,920</i>
Deferred income	429	<i>361</i>	429	<i>361</i>
	5,058	<i>5,061</i>	5,055	<i>5,059</i>

£273K (2023: £536k) of accruals and £32K (2023: £40k) of deferred income balances at 1 April 2024 are included in creditors at 31 March 2024. These should be released in 2024/25.

Grants Payable

B/Forward £k	Grants paid in year £k	Grants given or provided for in year £k	Carry forward £k
1,723	(1,066)	590	1,247

Payment of grants made is mostly conditional on the balance of funding for property projects being raised by the grant recipient.

Deferred income

B/Forward £k	Income recognised in year £k	New Deferrals £k	Carry forward £k
361	(348)	416	429

Most of the deferrals were related to receipts related to courses starting after April 2024.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024
15. RESTRICTED FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance	Movement of funds			Transfer	Balance
		1 April 2023	Income	Expend- -iture	Income/ interest		31 March 2024
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	Grant in Aid	-	11,577	(11,577)	-	-	-
MOD	Other Grants ¹	2,631	441	(812)	-	(239)	2,021
Various	Offshore ships and boats ²	5,239	886	(1,185)	-	399	5,339
Various	Sea Cadets training ³	1,687	2,228	(351)	-	(1,371)	2,193
Various	Boat stations - Midland/PEBS ⁴	4,177	-	(154)	-	1,176	5,199
Various	Sea Cadets unit grants	688	128	(218)	-	35	633
Various	Area Sea Cadets Training	828	107	(163)	-	-	772
Various	Seafarer training	160	-	(88)	-	-	72
Various	Bursaries	165	81	(35)	-	-	211
Corbyn Memorial Fund	Nautical education	22	-	(4)	-	-	18
Thomas Gray Memorial Trust	Maritime Science and Technology	-	-	-	-	-	-
Various	Other	74	-	-	-	-	74
		15,671	15,448	(14,587)	-	-	16,532

(continued)

¹ RN Armaments security fund £2m

² Offshore restricted assets £5m

³ Midlands Boat station £1.2m

⁴ Boat stations restricted assets £5.2m

The residual funds are made up of multiple small funds for specific purposes.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024
15. RESTRICTED FUNDS (GROUP AND CHARITY) (2022/23)

Donor	Purpose	Balance 1 April 2022	Movement of funds			Transfer	Balance 31 March 2023
			Income	Expend- -iture	Income/ interest		
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	The Sea Cadet Corps	2,692	12,129	(11,876)	-	(314)	2,631
Various	Offshore ships and boats	5,861	178	(809)	9	-	5,239
Various	Sea Cadets training	2,180	415	(918)	10	-	1,687
Various	Cadet expansion Programme	4,340	-	(163)	-	-	4,177
Various	Sea Cadets unit grants	1,496	445	(1,253)	-	-	688
Various	Area Sea Cadets Training	906	111	(194)	5	-	828
Various	Seafarer training	242	92	(173)	-	-	160
Various	Bursaries	262	48	(146)	-	-	165
Corbyn Memorial Fund	Nautical education	50	-	(28)	-	-	22
Thomas Gray Memorial Trust	Maritime Science and Technology	40	-	(40)	-	-	-
Various	Other	74	-	-	-	-	74
		18,143	13,418	(15,601)	24	(314)	15,671

Transfers relate to funds spent on capital purchases. They transfer equivalent of depreciation charges required in future years.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024
16. ENDOWMENT FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance 1 April 2023 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2024 £'000
Corbyn Memorial Fund	Grants and payments for Nautical Education	225	11	-	236
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	108	5	-	113
Destitute Sailors Fund	Assisting distressed merchant seamen	68	3	-	71
Various	Providing subsidised berths and awards to Sea Cadets	531	26	-	557
Expendable Endowed Funds	Held for general purposes	16,453	801	-	17,254
		17,384	846	-	18,231

Donor	Purpose	Balance 1 April 2022 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2023 £'000
Corbyn Memorial Fund	Grants and payments for Nautical Education	237	(12)	-	225
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	114	(6)	-	108
Destitute Sailors Fund	Assisting distressed merchant seamen	71	(3)	-	68
Various	Providing subsidised berths and awards to Sea Cadets	558	(27)	-	531
Expendable Endowed Funds	Held for general purposes	17,294	(841)	-	16,453
		18,273	(889)	-	17,384

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

17. DESIGNATED FUNDS

Fund	Balance 1 April 2023 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2024 £'000
Cadet Outreach	83	-	-	83
Boat station	1,007	-	(463)	543
SC future projects	373	-	215	588
Expedition equipment	198	-	(198)	-
Environmental grants	113	-	(113)	-
	1,774	-	(559)	1,214

Fund	Balance 1 April 2022 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2022 £'000
Cadet Outreach	83	-	-	83
Boat station	1,004	-	3	1,007
SC future projects	373	-	-	373
Expedition equipment	-	-	198	198
Environmental grants	-	-	113	113
	1,460	-	314	1,774

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2024				
Restricted funds	14,803	-	1,729	16,532
Endowment funds	-	18,231	-	18,231
Designated funds	543	605	66	1,214
Unrestricted funds	-	1,380	32	1,412
Total	15,346	20,216	1,827	37,389

GROUP	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2023				
Restricted funds	12,484	-	3,187	15,671
Endowment funds	135	17,249	-	17,384
Designated funds	-	1,460	314	1,774
Unrestricted funds	570	510	411	1,492
Total	13,189	19,219	3,912	36,321

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

18. (Cont) CHARITY

2024	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	14,803	-	1,729	16,532
Endowment funds	-	18,231	-	18,231
Designated funds	543	605	66	1,214
Unrestricted funds	-	1,385	-	1,385
Total	15,346	20,221	1,795	37,362

2023	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	12,484	-	3,187	15,671
Endowment funds	135	17,249	-	17,384
Designated funds	-	1,460	314	1,774
Unrestricted funds	570	515	382	1,468
Total	13,189	19,224	3,883	36,297

19. TAXATION

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

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2024

20. PENSION SCHEMES (GROUP AND CHARITY)

A number of former employees of the former Marine Society and of the Sea Cadet Association are members of the Merchant Navy Officers Pension Fund - MNOFF (New Section). The fund is active, though closed to future accrual on 31 March 2016. However, the MSSC continues to have a share of the net deficit in the fund.

The most up to date actuarial report is at 31 March 2023 valued assets in the scheme at £2,106M and the liabilities at £2,117M giving a rise to a scheme wide deficit of (£11M). As at the date of the 2023 valuation no deficit contributions were required. No share of assets and liabilities have been identified.

All current employees are members of a contract based defined contribution scheme. £498K (2023: £444K) was paid by the charity during the year of which £44K (2023: £55K) was outstanding at the year end and included in creditors.

21. RELATED PARTY TRANSACTIONS (CHARITY)

The Director of Young People, Volunteer & Business Support is an ex officio trustee/director of the Royal Albert Dock Trust during the year, the charity paid rent to the Royal Albert Dock Trust's London Regatta Centre totalling £25,803 (2023: £600).

For part of the year one Trustee was Deputy Master of Trinity House. Four of the Trustees of the charity are Younger Brothers of Trinity House Maritime Charity During the year the charity received a grant of £130K (2023: £130K) from the Trinity House Maritime Charity. No amounts were outstanding to the charity at the year end.

One of the Trustees is employed by J&J Denholm. They support MSSC, during the year the charity received a donation of £5k (2023:£8k)

One of the Trustees is a trustee and non-executive director of IFAN maritime. They support MSSC on various educational projects, during the year the charity received a grant of £nil (2023: £40k).

One of the Trustees is an Associate Member of Stelios Philanthropic Foundation who has supported Sea Cadets projects with a grant of £nil (2023: £30k).

Three Trustees and the CEO are members of the Company of Shipwrights who have funded £14k for bursaries (2023: £14k).

The Director of Maritime Training and Development is a Fellow of the Nautical Institute who rent office space in London amounting to £117k (2023: £21k).

One of the Trustees is Headteacher of the London Nautical School. During the year the charity paid a grant of £22k (2023: £39k)

The charity was paid £nilK (2023: £4K) for management and accounting services from its subsidiary undertaking MSSC (Trading) Limited (note 8). A charitable donation amounting to £24K (2023: £5k) was received from the subsidiary. The charity anticipates receiving a charitable donation from the subsidiary of £3K in 2024/25 based on profits earned by the company in 2023/24. At the year end, the charity was owed £35K (2023: £24K) by the subsidiary and this amount is included in charity debtors.

The Chair of FIRA, Stuart Curl, and two employees, Jenny Howard and Paul Wilkinson, are directors of MSSC (Trading) Limited. Two Trustees, David Dingle and Jonathan Robertshaw are directors of the Sea Cadet Association.

22. STATUTORY INFORMATION

The Marine Society and Sea Cadets (MSSC) is a charity registered with the Charity Commission in England and Wales (registration number 313013) and with the Office of the Scottish Charity Regulator (registration number SC037808). The registered office is 200b Lambeth Road, London SE1 7JY.

23. FUNDS HELD AS AGENT

Balance b/fwd	Expenditure	Income	Balance c/fwd
101	433	(651)	(116)

MSSC administers the fund on behalf of Slater Foundation. This involves managing individual awards, payable to either students or educational institutions on behalf of the students. MSSC make these payments fortnightly and is reimbursed quarterly by Slater Foundation. In recognition of this Slater Foundation donates £30k to MSSC annually.

COUNCIL MEMBERS AND EXECUTIVE MANAGEMENT YEAR ENDED 31 MARCH 2024

Council members and executive management during the year, and as at the date of this report, were:

PRESIDENT: **Admiral Sir Philip Jones GCB DL**

COUNCIL MEMBERS

The Council members who served during the year were:

Jeremy Penn (Chair)

Liz Cassidy (Vice Chair) ^{1,2} (Retired 31 March 2024)

Simon Figgis ^{1,3} (Retired 31 March 2024)

Steve Smith ^{2,3}

Alan Marsh MBE FICS ¹

John May OBE DL ^{2,3}

Captain Sir Ian McNaught KCVO MNM (Retired 11 October 2023)

Vice Admiral Sir Jonathan Woodcock KCB OBE ^{2,3,4}

David Derbyshire ³

Léonie Austin² (Vice Chair – from 1 April 2024)

David Dingle CBE^{1,2}

Jonathan Robertshaw ^{1,2}

Michael Schofield ^{2,3}

Gareth Hampton ^{1,2}

Laurelle Brant ^{2,3}

Christine Baldwin MRICS ^{2,3}

Lukshmy Miranda Nagalingam ^{1,2} (Retired 27 June 2024)

Kirsten Nuade ^{2,3} (Elected 11 October 2023)

John Denholm ^{1,2} (Elected 11 October 2023)

Council Members are members of the following committees as annotated above.

- ¹ The Finance, Investment, Remuneration and Audit Committee
- ² The Policy Development and Nominations Committee
- ³ The Safety, Safeguarding, Inclusion & Risk Committee
- ⁴ The National Sea Cadets Advisory Council
- ⁵ The National Sea Cadets Forum

EXECUTIVE MANAGEMENT

Chief Executive Officer

Captain Sea Cadets & Director of Operations*

Director of Finance & Digital and Company Secretary

Director of Young People, Volunteer & Business

Support

Director of Sea Cadet Learning

Director of Fundraising and Communications

Director of Human Resources

Director of Maritime Training and Development

Martin Coles CBE FRICS ACI Arb

Captain Neil Downing RN

Jenny Howard

Paul Wilkinson

Heather Williams

Daniel McAllister

Petrina Brooker

Darrell Bate

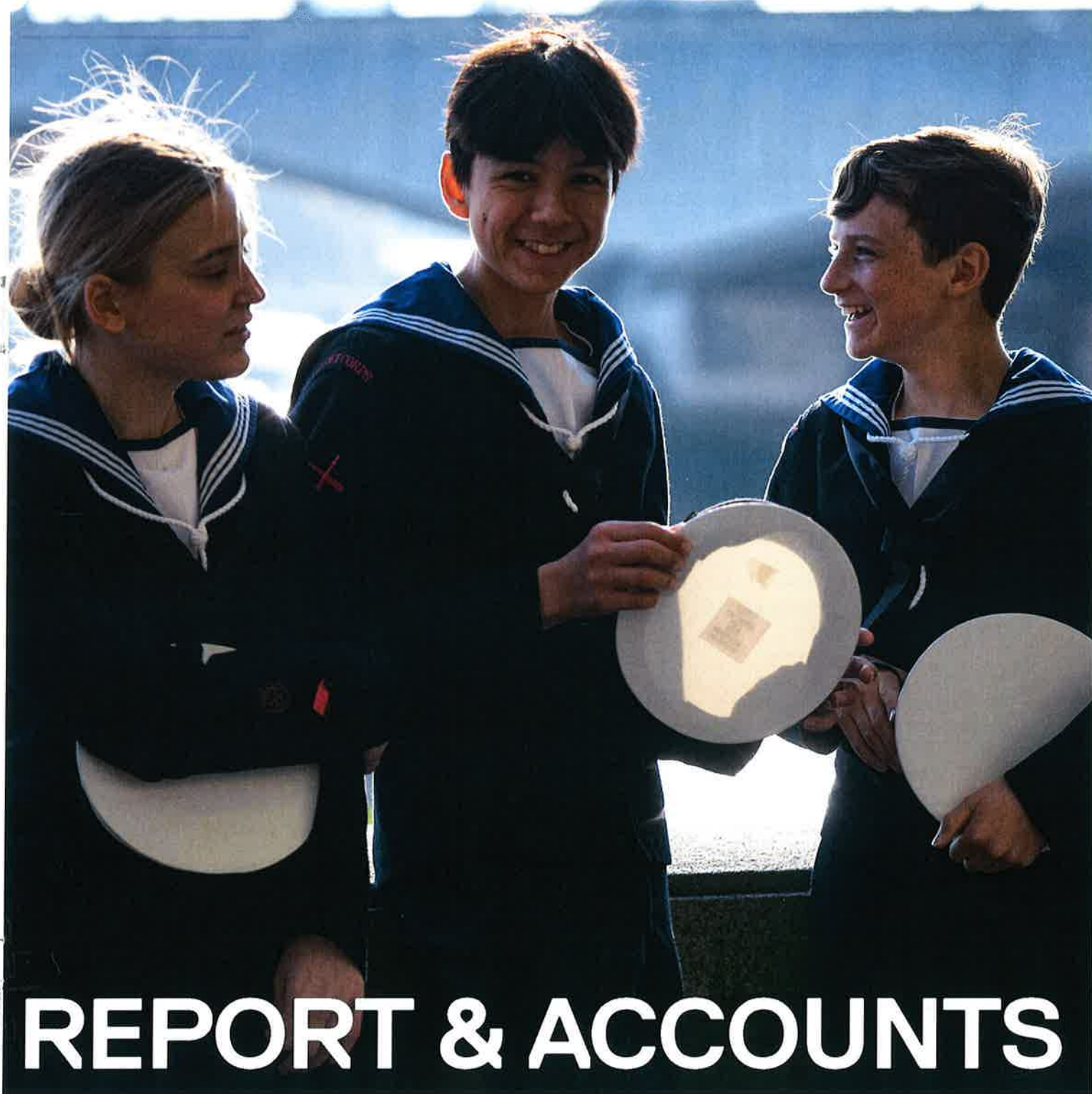
* provided on loan from the Royal Navy

**PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2023**

The principal professional advisers during the year were:

Auditors:	MHA 2 London Wall Place London EC2Y 5AU
Bankers:	Barclays Bank plc 1 Churchill Place London, E14 5HP National Westminster Bank plc 250 Regent Street London, W1B 3BN Royal Bank of Scotland plc 62-63 Threadneedle Street London, EC2R 8HP
Investment Advisers and Custodians:	Cazenove Capital 1 London Wall Place London EC2Y 5AU KW Investment Management Ltd 13 Austin Friars London, EC2N 2HE
Legal advisers:	Farrer & Co LLP 66 Lincoln's Inn Fields London, WC2A 3LH Moon Beever 21A John Street London, WC1N 2BF Russell Cooke 2 Putney Hill London, SW15 6BA
Insurance Brokers:	Arthur J. Gallagher Insurance Brokers The Walbrook Building 25 Walbrook London, EC4N 8AW
Pension Advisers:	Mercer Limited 1 Tower Place West, Tower Place, London, EC3R 5BU
Registered Office:	200b Lambeth Road London, SE1 7JY ms-sc.org

Accounts



REPORT & ACCOUNTS

For the year ended 31 March 2023

Admiral of the Sea Cadet Corps: Her Royal Highness The Princess Royal
President: Admiral Sir Philip Jones GCB DL

Marine Society & Sea Cadets, a charity registered in
England and Wales 313013 and in Scotland SC037808

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

Overview

Marine Society and Sea Cadets (MSSC) is a charity that helps launch young people for life and supports aspiring and serving seafarers to realise their potential.

With a clear aim to be the leading maritime charity for youth development and lifelong learning, MSSC is committed to investing in and supporting all of our beneficiaries so they can achieve their potential whatever path they choose.

Our vision for **Sea Cadets**: *"Every young person launched for life"*. We seek to achieve this by: Inspiring young people to achieve their potential through challenge and nautical adventure guided by the customs and traditions of today's Royal Navy.

Our vision for **Marine Society**: *"Every current and future seafarer and maritime professional skilled for life"*. We seek to achieve this by: Enabling current and future seafarers to realise their potential through learning and career development.

We know that our work has a transformational impact on both individuals and the communities they live and work in, positively affecting their life chances and benefiting their communities and society as a whole. The pandemic brought our work into sharp focus, requiring us to respond rapidly to changing needs and to be highly agile in our delivery, moving almost everything online without a pause.

Two years on from the launch of our Regeneration Plan, designed to revive our activities after the pandemic, we have gone far beyond getting 'back to normal'. Thanks to incredible delivery by our amazing volunteers, swelled by the many new volunteers that have joined us over the period, our sea cadets are back to enjoying the vast range of activities offered through the full Sea Cadets Experience, while our outreach programmes have engaged more young people than ever. At the same time, we have continued to develop our lifelong learning and support for seafarers and maritime professionals, including an expanded range of apprenticeships, thanks to our new partnership with UK Sailing Academy.

Alongside delivery of new equipment and facilities we have invested heavily in digital transformation. For Sea Cadets, this means a fantastic platform supporting in-person delivery to our young people, with hybrid learning for our volunteers and online booking and consent for cadet courses. For seafarers, a further leap forward in our Learn@Sea and Learn@Shore apps means our digital offer matches many of the best in maritime education too. And for the charity as a whole, new online finance and case management systems now deliver greater effectiveness.

The Regeneration Plan's blended approach has given us even more ways to engage cadets, seafarers and volunteers, allowing us to be much more flexible in the way we can provide learning, training and support. From April 2023, our new Future Ready five-year strategy will build on the work of the past two years, to meet the growing demand for what we provide and ensure we remain relevant in this rapidly evolving digital age.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

Our values and culture

We are driven by what we do and the impact we have. We are proud of our work, approaching it with positivity, enthusiasm and urgency as we seek to deliver more inspiring futures. Guided by the views of volunteers, cadets and employees, we have updated the way we define our six core values – to emphasise the importance of inclusion, inspire loyalty to the organisation, and redouble our commitment to doing our best.

MSSC values

Respect:

We are inclusive, considerate and professional.

Loyalty:

We put our beneficiaries first and pull together to achieve our shared goals.

Self-discipline:

We are focused and structured in our work to achieve the best possible outcomes.

Commitment:

We are committed to the charity's goals and to work creatively to find solutions.

Honesty & Integrity:

We are open, honest and treat everyone fairly.

Courage:

We do what we know is right and support others to do the same.

Sea Cadet values

Respect:

To be inclusive, appreciate others and considerate of all.

Loyalty:

To be faithful to those who value and support me.

Self-discipline:

To do my best and do what I must.

Commitment:

To do what I say I will.

Honesty & Integrity:

To tell the truth and be a good person.

Courage:

To do what I know is right.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

OUR STRATEGIC REGENERATION PLAN to 2023

Thanks to the successful implementation of our two-year Regeneration Plan, Marine Society and Sea Cadets has proved immensely resilient to the challenges of Covid-19. The Regeneration Plan has not only guided our return to a full programme of activities as swiftly and safely as possible, but it also helped us adapt to changing ways of working and thrive in adversity. And while the uncertainty of the pandemic could have diminished our offer, the consistency and quality of what we were able to provide for our beneficiaries showed that we have never been so relevant or needed.

Concluding in March 2023, the Regeneration Plan has embraced six catalysts for change that were developed during the pandemic to create a foundation for future growth:

- **Youth centred:** putting our young people's views and needs at the centre of our thinking and action so that we best equip them for the world ahead.
- **Empowered volunteering:** providing effective and enabling support, encouragement and flexibility to equip our volunteers to maximise their effect.
- **Collaborative working:** a one team approach at all levels enabling us to deliver with speed and agility against our common goals.
- **Developing a new blended approach:** driving digital transformation whilst retaining the value of in-person working, including a hands-on Sea Cadets experience for young people.
- **Becoming totally inclusive:** building on our open culture to drive even greater inclusivity for all and further contributing to the communities in which we operate.
- **Maintaining our maritime focus:** ensuring we continue to serve the maritime sector, with Sea Cadets focussed on the customs and traditions of today's Royal Navy.

For 2022/23 we set a number of clear Regeneration objectives under seven strategic Areas of Focus, against which we note our progress opposite. The year also marked a number of major milestones:

- Cadets and volunteers participated in many Platinum Jubilee community events across the UK, marking the 70-year reign of our late monarch and patron Her Majesty Queen Elizabeth II. These celebrations were contrasted with playing our part in the funeral and remembrance of Her Majesty after her passing on 8 September 2022.
- Our Admiral of the Sea Cadet Corps formally opened Port Edgar Boat Station, participated in the Northern Area cadet forum, sailed with cadets on the Sea Cadets flagship TS Royalist and was the inspecting officer at Sea Cadets Northern Ireland 80th Anniversary parade.
- We hosted our biggest ever Cadet Conference, where 200 cadets helped finalise our new five-year strategy (see p9), and returned to a full round of face-to-face volunteer conferences.
- We opened 21 new Junior Sea Cadets sections across the UK and secured funding from DCMS Youth Investment Fund to help reduce our growing waiting lists by opening 58 new senior sections by March 2025.
- We secured the balance of funding and began development of a new Midlands residential boat station in Birmingham, invested in creating new training facilities in Kent and Merseyside and distributed £1,027K in grants to units towards facility upgrades.
- We engaged 1,384 hard-to-reach young people in our On The Water summer programme in Birmingham, Liverpool and East London, and a further 16,679 pupils in STEM school engagement workshops across the UK via our Marine Engineering programme.
- We entered an exciting new partnership for delivering maritime apprenticeships with UK Sailing Academy and produced three new Learn@Sea courses in communications, safety and engineering.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

1. YOUTH

- Returning to offer the full range of cadet activities ✓
- Delivering a new Royal Marines Cadets syllabus →
- Reintroducing some international activities (2023) ✓
- Increasing Duke of Edinburgh courses by 15% ✓
- Delivering 30 hours boating (average) per cadet ✓
- Giving more cadets a voice with increased district forums →
- Delivering a 'wellbeing & resilience' course for cadets nationally →
- Providing practical careers support →
- Developing a strategy to reflect the modern RN in cadet activities ✓

2. VOLUNTEERS

- Supporting return of full delivery of the Sea Cadet Experience ✓
- Harnessing blended learning and clearing any volunteer training backlogs →
- Introducing more external accreditations for volunteer training ✗
- Driving flexible volunteering →

3. GROWTH

- Supporting unit regeneration plans ✓
- Delivering 1,200 outreach opportunities via our 'On the Water' programme ✓
- Opening a further 20 new junior sections and returning to April 2020 cadet numbers ✓
- Developing a strategy for future growth →

4. DIGITAL

- Delivering online course payment and expense systems ✓
- Rolling out our volunteer portal ✓
- Delivering a case management system for volunteer support and safeguarding ✓
- Delivering digital volunteer onboarding →
- Upgrading Marine Society digital systems ✗

5. COMMUNITY

- At least 50 Sea Cadets units participating in Queen's Platinum Jubilee projects ✓
- Playing our part in the national and local Queen's Platinum Jubilee celebrations ✓
- Issuing Platinum Jubilee medals and certificates ✓

6. MARINE SOCIETY

- Establishing two maritime apprentice recruitment assessment centres →
- Delivering outreach courses to 50 learners (14-19) ✗
- Developing three new Learn@Sea upskilling courses ✓
- Establish a careers bridge for cadets seeking to progress into maritime sector →
- Further developing our Coming Ashore project ✓

7. ENABLERS

- Committing to construction of a major new boat station in the Midlands ✓
- Delivering improvements to regional training venue opportunities ✗
- Completing a transport review ✗
- Beginning development of shooting hubs →
- Delivering on secured investment in boating equipment ✓
- Continuing to roll out diversity and inclusion plans ✓
- Developing an environmental strategy ✓
- Growing fundraising and developing communications ✓

KEY

- ✓ Achieved
- In progress
- ✗ Not achieved/deferred

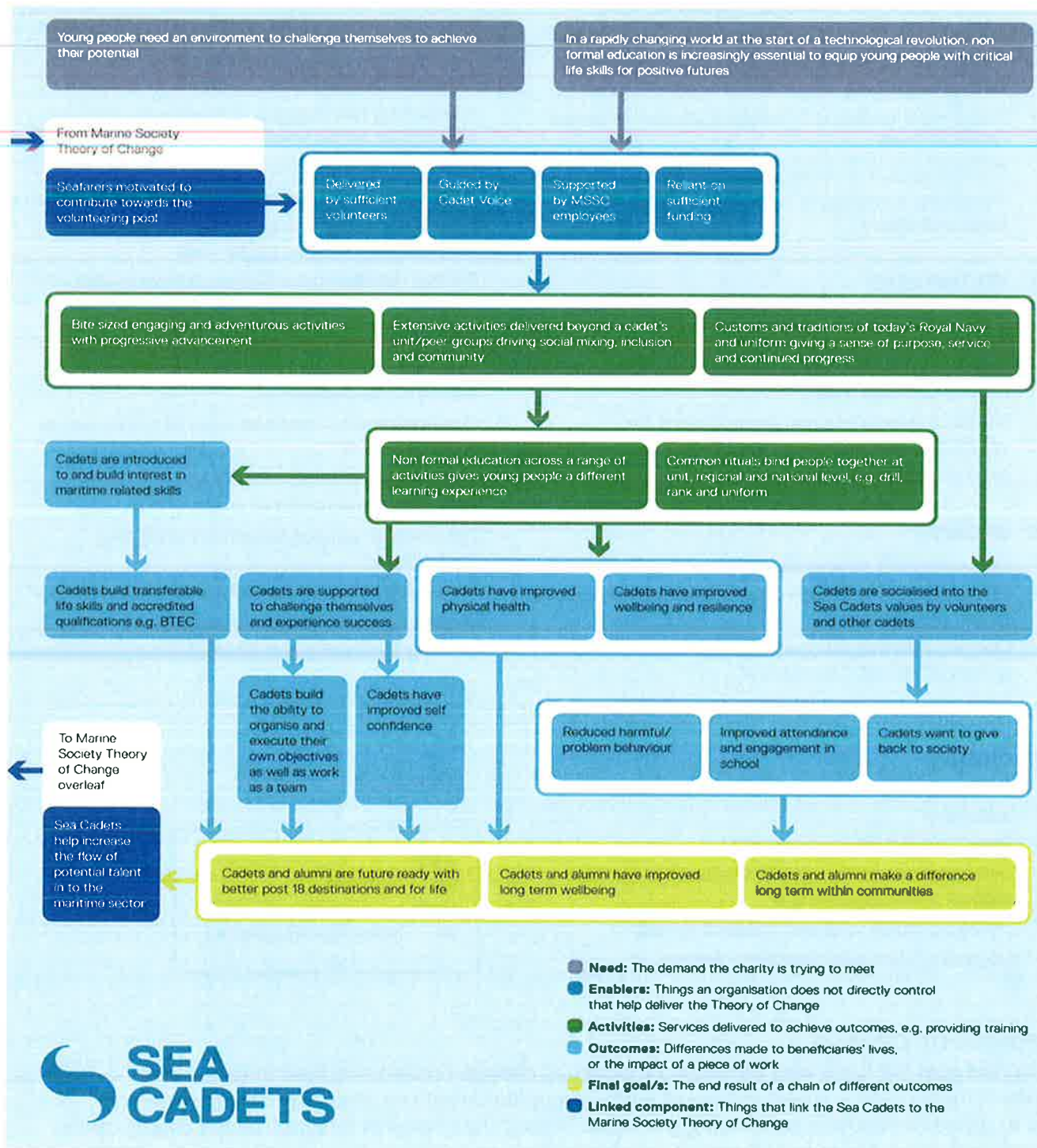
THEORIES OF CHANGE

During the year we have also developed theories of change (shown overleaf) to give a clear picture of the journey a young person or a seafarer goes on with us, and how our interventions build to deliver immediate and enduring positive impact. This helps to ensure that the charity offers a consistent and conscious outcome to all beneficiaries and that we always meet our charitable objectives, making a positive, life-enhancing difference.

REPORT OF THE COUNCIL YEAR ENDED 31 March 2023

OUR THEORY OF CHANGE FOR SEA CADETS

The chart below helps to show how we deliver impact for young people through the Sea Cadets Experience (opposite). It means we can explain more clearly why we offer what we do through the Sea Cadets Experience and how we achieve positive outcomes for young people.



THE SEA CADETS EXPERIENCE

The Sea Cadets Experience shows the activity on offer to young people. It offers a clear pathway for them to follow as it charts their progress, identifying the number of hours of boating, courses to attend and specialist training needed to progress through their sea cadet career. Embedded throughout this journey are our Sea Cadets Values, underpinning the core of what we do and helping them to find their course in life through us.



Sea Cadets 12-18yrs

0-2 years
(NEC-CFC)²

2-4 years
(CFC-AC)

4-6 years
(AC-POC)



Royal Marines Cadets 13-18yrs

0-1 year
(REC-RMC)

1-3 years
(RMC-LCPL)

3-5 years
(LCPL-SGT)



Junior Sea Cadets 9-12yrs¹

0-3 years
(JC-LJ)

Sea Cadet values³ are woven into our training

	Basic	Int	Adv	Basic	Int	Adv	Sea Cadet life skills	Intro
Sea Cadet life skills	Basic	Int	Adv	Basic	Int	Adv		
Core training ⁴	Basic	Int	Adv	Basic	Int	Adv	Learning about your unit	15 modules
Specialisation (e.g. Marine Engineering)		1 Int	1 Adv				Outdoor activities	15 modules
Proficiency (e.g. Musician)	3 qualifications of any combination	1 Int	1 Adv	1 Basic	1 Int	1 Adv	Waterborne activities	15 modules
Waterborne proficiency		1 Int	1 Adv				Community activities	15 modules
Boating (Hours effort)	60hrs	60hrs	60hrs	30hrs	60hrs	60hrs	Boating (Hours effort)	90hrs ⁵
Offshore voy or overseas exch.		1	1		1	1	Participation Awards (Waterborne and STEM ⁶)	2
BTEC		1			1			
Event or competition	1	1	1	1	1	1		
RN or RM event	1	1	1	1	1	1		
DofE Award: (Bronze, Silver, Gold)	✓	✓	✓	✓	✓	✓		
(RMC) Skill at Arms Training				1	2	2		
(RMC) Shooting				1	1	1		

Key

Numbers show the amount of qualifications, modules, hours, events or training days

Basic
Intermediate
Advanced

Optional courses

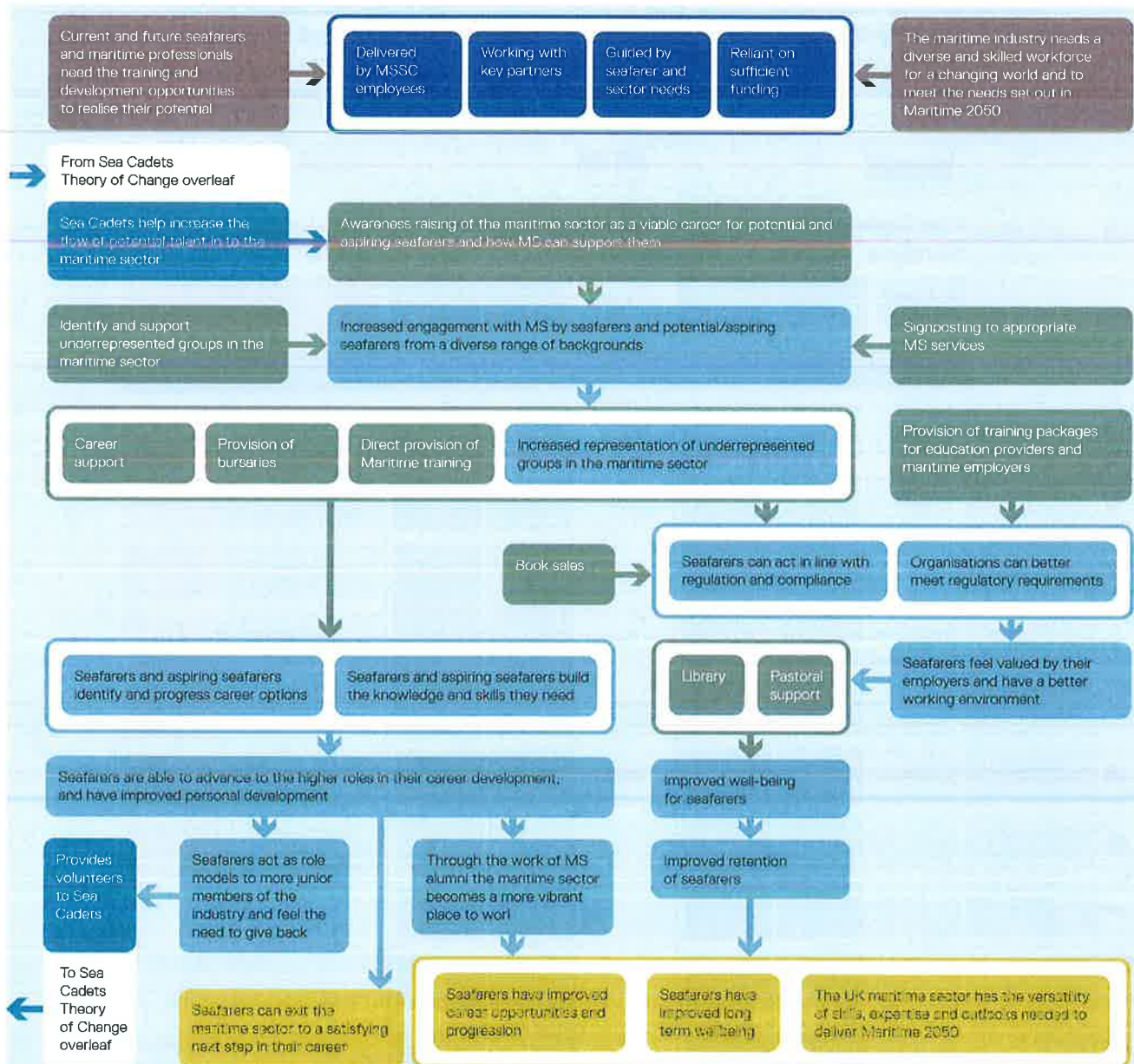
1. Nine year olds currently limited to targeted locations.
2. Ranks and rates of cadets.
3. The Sea Cadet values are respect, loyalty, self-discipline, commitment, 'honesty & integrity' and courage.

4. Is the foundation of the experience, delivered at units.
5. Based on three year experience at 30hrs per year.
6. Science, technology, engineering and mathematics.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

OUR THEORY OF CHANGE FOR MARINE SOCIETY

The following diagram shows how we engage and support current and future seafarers and maritime professionals, delivering short-term and enduring benefits for them and the maritime sector.



- **Need:** The demand the charity is trying to meet
- **Enablers:** Things an organisation does not directly control that help deliver the Theory of Change
- **Activities:** Services delivered to achieve outcomes, e.g. providing training
- **Outcomes:** Differences made to beneficiaries' lives, or the impact of a piece of work
- **Final goal/s:** The end result of a chain of different outcomes
- **Linked component:** Things that link the Marine Society to the Sea Cadets Theory of Change

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

OUR FUTURE READY STRATEGY to 2028

Our Future Ready strategy, developed with our cadets, volunteers and employees over the last 18 months, charts our course for the next five years to 2028. The strategy is about meeting the growing demand for what our charity offers young people, seafarers and maritime professionals and equipping them for a world of increasingly rapid change.

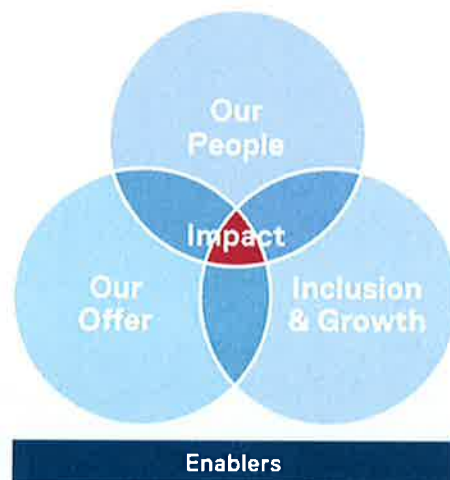
We seek to achieve this by creating the conditions where:

- We are offering young people a better Sea Cadets Experience, increasingly reflecting today's Royal Navy and driving the Cadet Voice.
- More seafarers and maritime professionals are prepared for successful careers in line with the Government's Maritime 2050 strategy.
- We have sufficient volunteers with the training and flexibility to launch young people for life, fully equipped to thrive in a changing world.
- We support and develop our employees to thrive in their roles.
- Sea Cadets is able to grow to meet the increased demand for our unique offer.
- We become even more inclusive and diverse as a national organisation.

We will do this by focussing on three key themes:

- **Our Offer** – Enabling a more consistent, focussed delivery and driving cadet voice.
- **Our People** – Enabling and equipping our volunteers and employees to support our beneficiaries.
- **Inclusion & Growth** – Supporting more beneficiaries and being more diverse and inclusive.

All supported by our underpinning **Enablers**. Together these are seen as the levers we can pull to deliver real **impact**.



We are clear that safety and safeguarding are paramount to everything we do and therefore foremost in all of the objectives in the strategy.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

OUR FUTURE READY STRATEGIC PRIORITIES FOR 2023/24 AND BEYOND

Using the priorities set out below, our Future Ready strategy will help our charity seize the opportunities we have worked so hard to create over the past two years.

Our Offer for Sea Cadets:

- Enhance the Sea Cadets Experience
- Further reflect today's Royal Navy and the maritime sector
- Develop Cadet Voice

Our Offer for seafarers and maritime professionals

- Expand apprenticeships
- **Grow and broaden our maritime curriculum**
- Develop the promotion and support for maritime careers
- Develop financial support

Our People

- Equip our volunteers for their roles
- Increase flexible approaches to volunteering
- Equip our instructional volunteers for their roles
- Support and develop our employees

Inclusion

- Update, develop and implement clear EDI policies
- Provide training, resources and signposting
- Identify and implement appropriate support mechanisms
- Ensure that we reflect the communities we serve
- Monitor progress and develop our approach

Growth

- Create the conditions for growth
- Enable existing provision to grow
- Develop new provision
- Grow alternative and targeted outreach

Enablers

- Develop our environmental approach
- Generate the necessary funding
- Continue to improve communications
- Develop facilities and equipment to support cadet training
- Continue to drive digital transformation
- Develop our assurance mechanisms

Guided by this strategy, we are more motivated than ever to maintain our status as leaders and pioneers in everything we do, while striving to learn from others and embrace better ways of working.

This strategy ensures that, whatever the next five years bring, our young people and seafarers will be Future Ready. We have set detailed yearly plans for FY2023/24, marshalling resources to work with our amazing volunteers and employees to deliver success. We have set our top ten outcomes for the year (opposite).

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023**

TOP TEN STRATEGIC OUTCOMES FOR 2023/24

Our Offer for Sea Cadets

1. Our cadets have more training and activities available that are engaging, with new sessions added to the Cadet and Royal Marines Cadet training programmes as well as new sessions to support positive mental health and emotional wellbeing.
2. Our cadets have more RN experiences on offer with 20% of cadets engaged with the RN and an amphibious experience delivered for up to 200 Royal Marines Cadets.
3. Cadet Voice is further developed with 25% of units holding regular cadet forums and at least two projects delivered using cadet co-production approaches.

Our Offer for seafarers and maritime professionals

4. Our maritime apprenticeships offer is further expanded with 20 new apprentices enrolled and six apprenticeship standards offered.

Our People

5. Our volunteer training is further developed, with a new basic leadership course in place and core modules revised; a national framework for volunteer mentoring identified; barriers to flexible volunteering identified and where possible removed; working with young people approach embedded; and a District management course developed.
6. We have promoted development opportunities for our employees including management and leadership courses.

Inclusion & Growth

7. We have continued to grow and begun to address our waiting lists with at least 12 new sections/units opened, including two faith-based groups, and cadet numbers up by at least 500.
8. We are becoming more inclusive with at least six existing policies revised; a disability position statement and guidance published; the Sea Cadets Promise and Prayer updated; an initial volunteer/employee online training module in place; an accessibility/inclusivity audit of MSSC facilities completed; and cadet/volunteer participation in two inclusive external events developed.

Enablers

9. We have begun to improve our environmental approach with best practice shared, including case studies and funding opportunities; tools made available to measure unit and MSSC facility carbon footprints; and our Sea Hives project deployed in at least two locations.
10. We have better systems and facilities to support delivery, with digital volunteer onboarding delivered and unit assurance and support process reviewed and re-launched. We have also begun delivery of unit rifle/drill hubs, regional shooting hubs and adventure training hubs, and are beginning to provide solutions to beyond unit training facility requirements, while Midlands Boat Station and Middle Hill adventure centre projects are completed or close to being completed.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

MSSC'S LAMBETH ROAD, LONDON PREMISES

On 27 April 2023, the charity officially opened its new National Support Centre at 200b Lambeth Road London SE1. HRH The Princess Royal performed the opening ceremony in her official capacity as Admiral of the Sea Cadet Corps, having been received by the Deputy Lieutenant of Greater London, Christopher Wellbelove, and the Mayor of Lambeth, Councillor Sarbaz Barznji. The former MSSC building and land at 202 Lambeth Road remains the property of the charity and is currently being marketed for disposal.

CHARITY OBJECTS

The objects of the Marine Society & Sea Cadets (MSSC), a charity registered in England and Wales 313013 and in Scotland SC037808, are set out in its governing instruments which are based on the Act of Incorporation of 1772, the Charities (Marine Society) Order 1976 No 147 and subsequent Charity Commission schemes, the latest being that dated 22 November 2004. The Objects of the charity are:

- to promote the development of young people in achieving their physical, intellectual and social potential as individuals and as responsible citizens by the provision of education and leisure time activities using a nautical theme
- to advance the education of seafarers in such ways as the Council shall determine but including (at the discretion of the Council) the following:
 - the provision in ships and on shore of a comprehensive library service in any media for the use of seafarers
 - the assistance of persons preparing for or entering upon a maritime career by the provision of training, the payment of fees, maintenance and other expenses and the making of loans
 - the award to seafarers of scholarships, bursaries and maintenance allowances tenable at nautical or other schools or training establishments
 - the making of grants or loans to nautical or other schools or training establishments which are charities or to other organisations established for charitable purposes only which provide facilities for and encourage young persons to become seafarers
- the advancement of the education of the public in maritime matters
- the promotion of scientific or other research of particular benefit to seafarers and the publication of the useful results of such research
- the provision in the interests of the social welfare of seafarers of facilities for recreation and other leisure-time occupation, being facilities which will improve their conditions of life and of which they have need by reason of their social and economic circumstances
- the relief of financial hardship among seafarers and their dependants

"Seafarers" used above is a term defined as:

- persons who have served, are serving, or intend to serve in the Royal Navy, the British Merchant Navy or fishing fleets or any other maritime career
- persons who are serving in the navies, merchant navies or fishing fleets of such other countries as the Council from time to time determines
- Members of the Sea Cadet Corps; and
- any other young persons considering or interested in a maritime career

"Sea Cadet Corps" (SCC) means properly constituted maritime cadet units that conform to the policies of Sea Cadet Regulations established by the charity and that are formally affiliated to it.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

HISTORY

The Marine Society was founded in 1756 by Jonas Hanway, a London-based philanthropist, with the aim of encouraging young men and boys of good character to join the Royal Navy at the start of the Seven Years' War. Incorporated in 1772, the Society commissioned in 1786 the first sea training ship in the world, the 350-ton Sloop *Beatty*, and went on to provide sea training all the way up to the Second World War. It was estimated that over 110,000 men and boys were trained and equipped by the Society over this period.

The Sea Cadets movement dates back to 1856 when sailors returning from the Crimean War started up 'Naval Lads' Brigades' in ports around the country. In 1910 the Navy League sponsored a small number of independent units, which received Admiralty recognition in 1919. In 1937 Lord Nuffield gave £50,000 to fund the re-launch and expansion of the Corps and five years later the Admiralty started to pay for uniforms, equipment, travel and training. In 1976 the Navy League was renamed the Sea Cadet Association. In 1963 the Girls' Naval Training Corps (GNTC), which had been formed in 1942 with objectives similar to those of the Sea Cadet Corps, became a partner organisation of the Sea Cadets, often sharing facilities. In 1980, the GNTC merged with the Sea Cadets, firstly as the Girls Nautical Training Contingent, until becoming fully absorbed in 1992. Girls and women currently make up over a third of all cadets and volunteers.

MSSC was formed in 2004 on the merger of The Marine Society and the Sea Cadet Association (SCA) with the merged organisation retaining the constitution of The Marine Society. The SCA (registered charity number 306141 & company number 404951) is now a subsidiary of MSSC.

PRINCIPAL ACTIVITIES

The activities broadly relate to those of promoting Sea Cadets activity and helping seafarers realise their ambitions.

The charity supports the maritime industry through the provision of Marine Society College activities, by promoting career opportunities into maritime, upskilling seafarers using new technologies, whilst supporting others to transition ashore into maritime-related roles. As an approved Government-funded training provider and Ofsted-rating 'Good', Marine Society will build on its global reputation for supporting seafarers offering advice and guidance, scholarships, bursaries, apprenticeships, a growing range of post-16 to graduate courses as well as delivery of crew libraries and specialist book sales.

The charity acts as the franchisor for Sea Cadets units – local groups are constituted as separately registered charities. The charity sets Sea Cadets regulations, issues guidance and performs inspections to ensure that the highest of standards are maintained. It provides support in many other ways including provision of uniforms, equipment, onshore and offshore training and related travel, business and unit support and Disclosure and Barring Service (DBS) checks. The charity does not have overall control over the day-to-day operation of the individual units.

Sea Cadets units operate across the United Kingdom, with a total as at 01 April 2021 of 13,216 cadets (10,965 in England, 1,046 in Scotland, 682 in Wales, 344 in Northern Ireland and 179 overseas). There are 304 established units in England, 37 in Scotland, 22 in Wales and 11 in Northern Ireland, with a further two in Bermuda and one each in Jersey, Guernsey and Malta. There are also a further six new units (one in Northern Ireland, five in England) and fifteen partnership units (one in Scotland and fourteen in England). The charity maintains six area offices, five based in England and one in Scotland, three national training centres, two in England and one in Scotland, eight boating stations, seven in England and one in Scotland, and an offshore fleet of five vessels, based in England.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

VOLUNTEERS

The charity relies extensively on volunteers to support the delivery of its training and other activities to Sea Cadets, and to serve as unit management team members (trustees) of Sea Cadets units. As at 01 April 2023 there were 4,262 adult instructional volunteers, 1,557 unit management team members and 2,698 other volunteers. In total 8,517 volunteers (7,069 in England, 715 in Scotland, 434 in Wales and 196 in Northern Ireland). We are extremely grateful for the generosity of time, huge commitment and can-do attitude of our volunteers in making the Sea Cadets the success that the organisation is.

KEY RISKS AND UNCERTAINTIES

The Council is responsible for management of the risks and uncertainties faced by the charity, assisted by senior staff. The Council undertook an annual review of the organisation's risk management process through the Safety, Safeguarding, Inclusion and Risk Committee in July 2022, and together with the Policy Development and Nominations Committee and the Financial Investments Audit and Remuneration Committee continued to monitor the charity's key risks throughout the year.

The charity's risk register operates at three principal levels; the Strategic Risk Register, the High Operational Risk Register and Departmental Risk Registers. Each risk identified is described, together with its indicators and mitigating factors in place, and its target and current mitigated scores based upon an impact and likelihood matrix. A commentary is also maintained by risks of actions in progress to further reduce the risk score, which may also be increased should risk circumstances change. All risks and their completeness is reviewed and revised by management and reviewed by the relevant committee, overseen by the Safety, Safeguarding, Inclusion and Risk Committee which meets four times a year.

The Council considers the key risks facing the charity to fall within the following areas:

- Safeguarding children and vulnerable adults
- Health & Safety
- Sufficiency of MOD Grant in Aid funding
- Lack of diversification of funding and support
- Sufficiency of financial reserves
- Public perception and reputation
- Stakeholder management, and in particular, key stakeholder support

The key mitigating 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
- Internal audit review of targeted areas
- External audit

The Council is satisfied that key risks identified are adequately managed and these are reviewed by the full Council. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are adequately managed.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023
FINANCIAL REVIEW**

Income

Total income amounted to £16,503K (2022: £19,352K), a decrease of 15% over the previous year.

Donations, legacies and other income are £1,779K down on last year. This reduction is primarily due to income received in 2022 and not repeated in 2023. This includes Naval Club (£800k), Garfield Weston (£250k), Sale of Artefacts (£373k) and Sale of Annex (£256k).

MOD grant in aid, £2,009K additional funding was received in 2022 mainly due to the provision of the RN Armaments security funds (£2,400k). We continue to remain sincerely grateful for the continued support provided by the MOD in helping finance the Sea Cadets.

These reductions were offset by additional training and offshore income as residential courses returned to normal after the pandemic.

Expenditure

Total expenditure was £18,780K (2022: £15,808K), an increase of 17% on the prior year. This reflects expenditure returning to pre-pandemic levels and spending some of the restricted funds received in 2022.

The cost of safeguarding and supporting Sea Cadets activity and infrastructure increased by £998K (12%) – the majority in purchasing the equipment linked to restricted funds – plus additional IT & Stores costs. Sea Cadets training increased by £1,546K (43%) - the majority in purchasing the equipment linked to restricted funds, plus increased costs for training and events as activity returns to pre-pandemic levels. Offshore costs increased by £613k (29%) as travel and victualling costs reflect the return to residential voyages.

These increases were offset by savings in Fundraising costs (£156k) (33%) which was due to staff shortages.

Net income and other movements

Overall, net income before investment gains was down by £5,820K to (£2,277K) mainly due to the significant reduction in restricted grant income. The (£2,277K) is broken down to restricted funds (£2,159K) and Unrestricted funds (£118K).

It has been the policy of the charity since 2012/13 to set aside long-term gains from its expendable endowment for current expenditure. The allocation amounted to £nilK (2022: £nilK) based on a 4.0% agreed return set by the Trustees following advice from the investment managers.

Investment portfolio loss in the year were (£889K).

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023
FINANCIAL REVIEW (cont)**

Balance sheet

In spite of spending £560k on the NW Adventure Centre, Midlands Boat Station, RS21 and the Petrol Pier pontoon the net book value of tangible and intangible assets fell back by £587k due to the depreciation charge.

The value of investments portfolio fell back by £862k in what was a poor year for returns from the stock market.

Cash at bank has decreased by (£852K).

Total debtors have decreased by (£259K), mainly due to Trade debtors which have reduced by (£242k). Stock has decreased by (£97k).

Total creditors have increased by £510K due to an increase in Grants Payable and Accruals, offset by a reduction in VAT creditor.

SAFEGUARDING POLICY

MSSC Safeguarding Policy Statement

'At Marine Society and Sea Cadets (MSSC) we recognise our responsibilities to ensure that in line with our duty of care we safeguard and protect the children & young people and vulnerable adults with whom we work, doing all we can to promote their safety, health, well-being and happiness. We continually strive to be a respected and trusted organisation where everyone feels safe to participate in all our activities and our cadets and adults understand their right to be-protected from all forms of harm.'

MSSC accords the utmost priority to the safety of vulnerable and groups and those groups & individuals with protected characteristics. All have the right to be free to work, learn and develop their potential without fear of discrimination or exclusion. All members of the MSSC will be valued and their rights to opportunity, protection and safety fully respected. This is underpinned by the charity's values and other supporting policies and procedures including our Equity, Diversity and Inclusion policies.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023
FUNDRAISING STANDARDS**

Open and accountable

The MSSC works hard to ensure that everyone supporting the charity understands how their money will be used to help launch young people for life today, whatever they want to do after school, and help people who work on the sea to keep learning all their lives. This is reflected in the low levels of negative feedback we receive, and the absence to date in recent years of formal complaints to the charity.

Complaints and negative feedback

Should we receive a complaint related to fundraising, we would respond on a one-to-one basis as quickly as possible, maintaining full records. There has been nothing to report in recent years.

Contacting our supporters and supervising our fundraisers

The charity prides itself on a high standard of ethical fundraising and we continually review how we contact the public to ask for support. This ensures that we follow regulations, meet our own high standards and exceed the public's expectations, including ensuring the charity's compliance with General Data Protection Regulation (GDPR) (EU) 2016/679.

MSSC staff and volunteers carry out the vast majority of the charity's fundraising activities

We did not work with any professional fundraisers and fundraising organisations in 2022/2023. The Trustees are aware of the need to comply with regulations from the Charities (Protection and Social Investment) Act 2011. The MSSC ensures that our approach to commercial participators, professional fundraisers and our contracts with them are in compliance with the regulations.

Protecting our reputation, money and other assets

As a charity, gaining supporters' trust is incredibly important. The MSSC must demonstrate that it is a responsible and worthy recipient of supporters' generous donations. We therefore work hard to ensure that we manage our money and other assets responsibly and do all we can to maintain our good reputation by being transparent and trustworthy.

The MSSC takes its responsibility for managing supporters' donations very seriously and applies rigorous financial controls to ensure funds are securely held and properly accounted for at all times. The MSSC strives to make the supporters' experience simple – making it easy to donate in a way that suits individuals, whether that is online, by post, over the phone or through other means. The MSSC works hard to ensure that its fundraising communications are truthful and fairly describe its activities.

Protecting the vulnerable

The MSSC takes its responsibility towards supporters who may be considered to be in vulnerable circumstances very seriously. Our fundraisers are carefully briefed to respond sensitively and appropriately to any individual whom they might consider to be in a vulnerable circumstance. The team is further supported by an in-house safeguarding department which are able to intervene when flagged.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023
FUNDRAISING STANDARDS (cont)**

Compliance with fundraising laws and regulation

Fundraising regulation goes through continuous change. Through membership of industry bodies, subscription to charity sector publications and staff continuing professional development we ensure that our fundraising teams keep up to date with amendments to regulations and professional practice, and their changing responsibilities.

The Trustees are satisfied that MSSC adhered to the appropriate fundraising standards for the year ended 31 March 2023. The charity is a paid-up member of the Fundraising Regulator.

Compliance with recognised standards

Every member of our fundraising team is responsible for making sure that they are compliant with the standards laid out in the Fundraising Regulator's Code of Fundraising Practice. This is carefully monitored by senior management. We are satisfied that we meet all current standards.

No complaints were received about fundraising in the year.

INVESTMENT POLICY

Investec manage the investment portfolio (excluding properties managed directly by the charity (see Note 12)). KW Investment Management manage the treasury portfolio.

The overall objective of the investment policy is to create sufficient income and capital growth to enable the charity to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the invested funds while they are retained. The overall objective of the treasury policy is to achieve better returns on cash than through bank deposits, primarily using short dated corporate bonds and certificates of deposit issued by the major banks.

MSSC's objective is to achieve, over the medium term, a real total return of at least 4.0% (net of fees and inflation). Both capital and income may be used at any time for the furtherance of the Charity's aims.

The investment portfolio mix is set to fall within the following broad planning ranges:

	Planning range	31 March 2023	31 March 2022
UK Equities	30-55%	31.8%	33.8%
Non-UK Equities	30-55%	43.3%	43.2%
Fixed Interest	10-30%	9.4%	10.0%
Property	5-10%	5.2%	4.8%
Hedge funds	0%	0%	0%
Other	0%	5.8%	4.1%
Cash	0-30%	4.5%	4.1%

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023
INVESTMENT POLICY (cont)**

This does not mean that they can't still be tactically overweight in any asset class from time to time.

The 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.

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.

Investments in Alternative Investment Strategy funds, Derivatives and Hedge Funds are allowed on a limited exposure basis (up to 5% of funds) on a short-term basis (maximum of 5 years).

Treasury holdings should not exceed £1M by counterparty, nor two years' maturity for bank debt.

Ethical considerations

The Trustees would like to invest in a responsible and sustainable way and therefore expect the investment manager to take into account ESG factors when making investment decisions, as well as a carbon aware approach. Investec does this under their Responsible Investment philosophy by screening all companies from an ESG perspective. They are scored on a range of metrics including environmental credentials, business ethics and human rights issues.

Performance

The fund delivered a total return (net-of-fees) of (4.9%) (2022: 6.7%) against our real return benchmark of 14.1% (CPI plus 4%) and ARC Sterling Steady Growth Index 1 of (4%) (2022: 6.3%). Total return over the three-year period to 31 March 2023 was 8.3% (net-of-fees) per annum against a benchmark of 9.9% (CPI plus 4% per annum over the period) and ARC Sterling Steady Growth Index 8.2% (net-of-fees) per annum.

The Trustees continue to monitor investment performance and are grateful for the assistance of the investment managers, Investec.

Review of investment managers

A tender exercise for the provision of investment management services to the charity was conducted in 2023, with the assistance of Independent Investment Reviews Ltd. Following a full and fair competition, Cazenove have been appointed and are in the process of taking over from Investec. Ruffer have been appointed to manage the net funds anticipated to be raised from the current marketing for sale of the former HQ at 202 Lambeth Road.

¹ The ARC Sterling Steady Growth Index is a composite of charity portfolios exhibiting 60-80% of the volatility of the UK equity market.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

RESERVES POLICY

Total funds at the year-end as detailed in note 18 were £36,321K, (2022: £39,488K), which includes £15,671K (2022: £18,143K) restricted funds and £17,384K (2022: £18,273K) endowment funds. After accounting for intangible and tangible fixed assets of £570K (2022: £570K) and setting up of designated funds for investments in expedition equipment and environmental grants – giving a total of £1,774K (2022: £1,460K), this leaves unrestricted funds, comprising free reserves of £922K (2022: £1,041K).

The charity does not retain MOD grant monies as part of its reserves. The reserves policy of the charity is a risk-based approach, meaning that the reserves reflect the risk of loss of specific income and the risk of the most significant costs increasing. On the basis of this approach our target is £2.8 million.

A breakeven budget has again been set in the current year. It is unlikely the charity will be able to meet its reserves targets and instead will have to rely on expendable endowment to act as a reserves buffer. The policy has clear dangers for the charity in the long term so any drawdown that may be made will be kept to an absolute minimum. It is at the complete discretion of Trustees as to the level of support the charity will give to the Sea Cadets movement in the event of shortfalls in public funding.

GRANT MAKING POLICY

Grants awarded in 2023 amounted to £1,027K (2022: £1,464K). Individual Sea Cadets units are separate registered charities and thus financial support is paid via grants. The policy of the charity is to grant monies for one-off items to support the Sea Cadet Corps and individuals (members of the Sea Cadet Corps or seafarers) to help them either facilitate or receive approved training or qualifications. In addition, grants are provided to volunteers to allow upkeep or purchase of uniforms on promotion or for wear and tear during the year. Payments are made in accordance with published scales.

STAFF REMUNERATION POLICY

As a charity, it is important we achieve balance in ensuring value for money, including how we pay our staff, with the need to attract, motivate and retain the right people to ensure we are able to deliver our ambitious plans and so maximise our impact on our beneficiaries. Therefore, our principles are to pay fair salaries that are consistent with our commitment to equality and diversity; that we remain competitive within the industry and geographic location of the role; are appropriate for the level of responsibility; and are in keeping with our charitable status. Headcount is reviewed annually as part of our budgeting process.

Governance of Pay

The Council approves the Pay and Benefits Policy, and the Finance, Investments, Remuneration and Audit Committee is appointed as a committee of the Council to approve pay related matters. The Council delegates to this committee the annual pay review and determining the CEO and senior management team salaries. This committee meets quarterly.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023**

MSSC STAFF REMUNERATION POLICY (cont)

Annual pay review

Salaries are normally reviewed annually in April / May with any pay increases being paid from 1 June. We benchmark salaries to ensure that we are paying appropriately and that we broadly fall within the mid-point for similar organisations. Where we find salaries that are not aligned, we adjust accordingly. There is no obligation to increase salaries, however if it is affordable and we have performed well, then a uniform inflationary increase may be applied. This is awarded to all staff, including senior staff, with the exception of those who are within their probation period or have resigned, or those who have already received an increase that year. Salaries had an inflationary pay increase of 4% in June 2022 and an additional £1,250 for all staff in January 2023 to recognise the pressures of the cost of living increases.

PUBLIC BENEFIT

The Council members continue to give due regard to the public benefit provided by the charity in relation to its charitable purposes as set out in the activities and achievements outlined in this report and have given due consideration to guidance issued by the Charity Commission on this matter.

The aim of Sea Cadets activities is to give young people the best possible head start in life through nautical adventure and fun, based on the customs and traditions of the Royal Navy.

"Adventure that launches young people for life"

In order to achieve this, Sea Cadets units take young people from all backgrounds, including where possible those with disabilities and develop their skills and abilities by:

- Inspiring young people through regular and structured activities with a nautical theme
- Encouraging young people to take part in activities connected with the wider Sea Cadets movement, including inshore boating and offshore voyages, as well as events and competitions at District, Area and National levels
- Availability of formal externally recognised educational achievements whilst taking courses to earn badges and promotions

Charges are kept low in order to ensure all those who wish to take part in Sea Cadets activities may do so. Where further financial support is required for those on low incomes, a wide range of bursaries are available.

The aim of the Marine Society is to give aspiring and serving seafarers the best possible lifelong learning opportunities tailored to their individual needs.

"Realising Seafarer Potential".

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

PUBLIC BENEFIT (cont)

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

- Promoting career opportunities into the maritime sector
- As an approved Government-funded training provider with Ofsted-rating 'Good', offering advice and guidance, scholarships, bursaries, apprenticeships and a growing range of post-16 to graduate courses
- Delivering upskilling courses to aspiring and serving seafarers around the world through use of digital learning
- Supporting others to transition ashore into maritime-related roles.
- Providing a ship's library service for seafarers at sea and specialist book sales.

The Council members are thus satisfied that the charity provides substantial public benefit.

ORGANISATIONAL STRUCTURE AND GOVERNANCE

The charity is governed by a board of unpaid non-executive Council members who act as Trustees. Details of the Council Members who served during the year, and as at the date of this report, together with details of the executive management and professional advisors, are shown on pages 56-57.

The Council meets at least quarterly and is supported by members of the senior management team. Responsibility for reviewing key areas of activity is delegated to committees which report back to the Council meetings. The committees, with specific terms of reference, may also include specialist co-opted members as well as Council members to ensure that expert opinion is available. The day-to-day management of the charity and the exercising of executive responsibility are delegated to the CEO and senior management team. Meetings of the Council are also attended by one of our current First Sea Lord Cadets.

The current committees and their primary purposes are:
Finance, Investment, Remuneration & Audit Committee

- Oversees the financial affairs of MSSC, including management accounts, budgeting and the preparation of statutory accounts
- Formulates Investment policy and oversees the management of Investment assets
- Oversees and ensures the proper conduct of the internal audit process in accordance with Council requirements
- Oversees the remuneration, terms and conditions and performance review of MSSC's CEO and HQ senior management
- Oversees the appointment and remuneration of the external auditors and receiving reports from them

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023**

ORGANISATIONAL STRUCTURE AND GOVERNANCE (cont)

Policy, Development and Nominations Committee

- Develops and recommends strategy and policy for the optimum use of MSSC resources in order to fulfil its objects in the medium to long term (2 – 10 years)
- Advises Council on major strategic issues, especially those which do not fall within the remit of any other major committee, and for monitoring the implementation of MSSC's strategic plan, keeping it under review, and advising Council on its revision
- Considers and approves guidelines for fundraising and public profile strategies
- Nurtures and develops relationships with external stakeholders (including MOD, Skills Funding Agency (SFA) and public funding bodies) in order to maximise support
- Sets and monitors performance against established targets (KPIs)
- Undertakes a nominations function, in liaison with MSSC Chairman, for appointment to MSSC Council and the Committees

Safety, Safeguarding, Inclusion & Risk Committee

- Reviews the quality of services and activities undertaken by MSSC (and SCC) to ensure that they are safe (with particular consideration to the need to protect its young people), high quality, inclusive and appropriately risk assessed
- Ensures the maintenance of an effective system of integrated governance and risk management that supports the achievement of the organisation's objectives

National Sea Cadets Forum

- Composed of Sea Cadets, together with representatives of the MSSC management team and Council. The forum supports the aims and objectives of the SCC, providing ideas and feedback to the MSSC from cadet forums at Area level. In the year, work continued to create cadet forums at District level to link in to the Area Cadet forum and in turn the National Sea Cadets forum.

National Sea Cadets Advisory Council (NSCAC)

- Primarily composed of representatives and volunteers of the SCC and MSSC management team. The council supports the aims and objectives of SCC and provides advice to its principal national sponsors. From 9 July 2014, the chair of NSCAC was invited to be a Trustee of MSSC for the period of office.

Appointment, induction and training of Council members

Council members (Trustees) are co-opted by the board and elected by the charity's members at the AGM following their appointment according to the provisions of the Society's Scheme. A Council member, who has previously been re-elected at an AGM, is eligible for re-election only with the prior approval of the Council. The Society's Scheme formally provides that one-third (rounded down) of the elected Council members shall retire at each AGM. 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.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2023

ORGANISATIONAL STRUCTURE AND GOVERNANCE (CONT)

The induction process for a new Council member comprises initial meetings with the Chairman and other members of the board, followed by meetings with the CEO and senior management team, through which the individual will be briefed on the remit of the charity and the powers and responsibilities of its Trustees. The charity aims to provide all new Council members with the information necessary to ensure that they are fully equipped to contribute to the organisation within their powers. Council members are informed of current and evolving issues within the sector by the senior management team.

Membership and Branches

The MSSC is a membership organisation and currently enjoys the support of some 600 members who pay an annual subscription to the Charity. MSSC has five (2022: five) branches within the United Kingdom made up of members of the charity who reside within its locality. The annual subscriptions of those living within the catchment area of a branch are returned to the branch committee to be applied for the benefit of local Sea Cadets units and MSSC initiatives. These branches are an active and welcome force in spreading the charity's message at a local level.

THE CHARITY GOVERNANCE CODE

The Trustees have considered the new third edition of the Charity Governance Code for larger charities, published in July 2017 by the charity sector's The Code Steering Group (the Association of Chief Executives of Voluntary Organisations, the Association of Chairs, Small Charities Coalition, the Institute of Chartered Secretaries and Administrators: The Governance Institute, the National Council for Voluntary Organisations and the Wales Council for Voluntary Action). The code is supported and endorsed by the Charity Commission in England and Wales.

The code lays out principles for seven key areas of governance together with recommended practice for each principle; organisational purpose, leadership, integrity, decision making, risk and control, board effectiveness, diversity, openness and accountability.

The Trustees consider that the charity continues to comply with the principles of the code.

INTERNAL AUDITOR'S REPORT TO THE COUNCIL

The Internal Auditor reported to the Council in July 2023 as follows:

Based on the work performed during the year, it is the opinion of Internal Audit that MSSC has an adequate and effective framework of governance, risk management and control in place to support the organisation's objectives as laid out in its Vision and Strategy.

Following each audit engagement, actions to address any identified control weaknesses have been agreed with management and progress against these agreed actions are monitored by Internal Audit and reported to the Finance, Investments, Remuneration & Audit (FIRA) Committee on a regular basis. In the opinion of Internal Audit, no control weaknesses have been identified during the year which are of such significance to warrant specific disclosure in the Annual Governance Statement.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023**

STATEMENT OF THE ACCOUNTING OFFICER

The Chief Executive Officer (CEO) as designated Accounting Officer in accordance with the current ten year Memorandum of Understanding with the MOD dated 13 December 2018, should ensure that MSSC and any subsidiaries to it or organisations sponsored by it, operates in respect of the GIA effectively and to a high standard of probity. The MSSC should in respect of the GIA:

Governance

- Have a governance structure which transmits, delegates, implements and enforces decisions
- Have trustworthy internal controls to safeguard, channel and record resources as intended
- Work cooperatively with partners in the public interest
- Operate with propriety and regularity in all its transactions
- Treat those with whom they deal fairly and honestly
- Offer redress for failure to meet agreed stakeholder standards; and
- Give timely, transparent and realistic accounts of the MSSC

Decision-making

- Provide the Ministry of Defence (MOD) with clear, well-reasoned and timely information in accordance with the Memorandum of Understanding
- Make all its decisions in line with the strategy, aims and objectives of the charity
- Take a balanced view of the MSSC's approach to managing opportunity and risk

Financial management

- Comply with Public Sector Internal Audit Standards (PSIAS) in order that the Principal Accounting Officer may receive an annual assurance on risk management, governance and control
- Use its resources efficiently, economically and effectively, avoiding waste and extravagance
- Plan to use its resources on an affordable and sustainable path, with agreed limits
- Carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and seeking good value for money
- Use, where possible, management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments
- Avoid over defining detail and imposing undue compliance costs, either internally or on the charity's stakeholders and others with whom it deals
- Have practical documented arrangements for working in partnership with other organisations, as appropriate
- Use internal and external audit to improve its internal controls and performance

In order for the Chief Executive Officer to provide assurance on the above matters the following measures are in place:

- Delegated authorities are formally agreed by the Council under Financial Standing Orders. Part of these require CEO authorisation of all expenditure over £10,000 with three comparable quotations and a business plan required in respect of new projects with a value in excess of £10,000
- All payments are made from a single bank account or from approved centrally managed credit and debit cards
- An internal audit function performs regular reviews, following a three year audit plan based on the risk profile of the charity

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2023**

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Council as Trustees are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations. Charity law requires the Council to prepare financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under charity law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net outgoing resources for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgments 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 presume that the charity will continue to operate.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

A resolution to reappoint Mazars LLP will be tabled at the Annual Court.

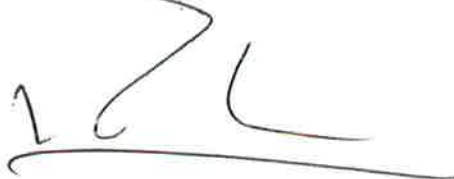
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

On behalf of the Board:



Jeremy Penn
Council Member and Chairman



Martin Coles
Chief Executive Officer
& Grant in Aid Accounting Officer

1 August 2023

1 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinion

We have audited the financial statements of The Marine Society & Sea Cadets ('the* parent charity') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2023 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Council, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Council which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Council has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Council.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 26, the Trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the MSSC and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements, Charities Act 2011, tax legislation, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether MSSC is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by MSSC which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax, the Companies Act 2006 and the Charities Statement of Recommended Practice. In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed: 

Date: 23 August 2023

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted	Restricted	Endowment	2023	2022
		Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations, legacies and other income	2	587	987	-	1,574	3,353
Charitable activities	3					
MOD grant in aid (for Sea Cadets activity)		-	12,429	-	12,429	14,438
Seafarer education and support		515	2	-	517	654
Sea Cadet Corps training		718	-	-	718	285
Offshore fleet income		587	-	-	587	143
		<u>1,820</u>	<u>12,431</u>	<u>-</u>	<u>14,251</u>	<u>15,520</u>
Other trading activities						
MSSC (Trading) Limited	8	43	-	-	43	40
Investments	4	612	24	-	635	440
		<u>3,061</u>	<u>13,442</u>	<u>-</u>	<u>16,503</u>	<u>19,352</u>
TOTAL INCOME						
EXPENDITURE ON:						
Raising funds						
Investment management						
Costs		38	-	-	38	71
MSSC (Trading) Limited		4	-	-	4	7
Donations and legacies ¹		322	-	-	322	479
		<u>364</u>	<u>-</u>	<u>-</u>	<u>364</u>	<u>557</u>
NET INCOME AVAILABLE FOR CHARITABLE ACTIVITIES		2,696	13,442	-	16,138	18,796

The notes on pages 35 to 55 form an integral part of these accounts

¹ Donations and legacies includes unrestricted costs of raising both unrestricted and restricted income.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted	Designated	Restricted	Endowment	2023	2022
		Funds £'000	Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
Charitable activities							
Safeguarding and supporting Sea Cadets activity and infrastructure		1,088		8,009	-	9,096	8,098
Sea Cadet Corps training		703		4,436	-	5,139	3,593
Offshore fleet		287		2,470	-	2,757	2,143
Professional seafarer education and support		686		244	-	930	925
Promoting the Marine Society & Sea Cadets		51		442	-	494	492
Total charitable activity costs		2,815		15,601	-	18,416	15,252
TOTAL EXPENDITURE	5	3,179		15,601	-	18,780	15,808
NET INCOME (EXPENDITURE) BEFORE INVESTMENT GAINS (LOSSES)		(118)		(2,159)	-	(2,277)	3,544
Net gains (losses) on investments	12	-		-	(889)	(889)	618
NET INCOME (EXPENDITURE)		(118)		(2,159)	(889)	(3,166)	4,161
Transfers between funds	17	-	314	(314)	-	-	-
NET MOVEMENT IN FUNDS		(118)	314	(2,473)	(889)	(3,166)	4,161
TOTAL FUNDS 1 APRIL 2022		1,610	1,460	18,143	18,273	39,487	35,326
TOTAL FUNDS 31 MARCH 2023	17	1,492	1,774	15,671	17,384	36,321	39,487

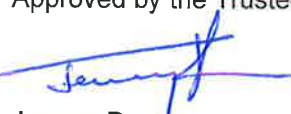
All amounts relate to continuing activities.

The notes on pages 35 to 55 form an integral part of these accounts

CONSOLIDATED BALANCE SHEET
31 MARCH 2023

			2023	2022
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		435	661
Tangible assets	11		12,755	13,116
Investments	12		19,219	20,081
			32,409	33,858
CURRENT ASSETS				
Stocks		477		573
Debtors	13	238		497
Cash at bank and in hand		8,258		9,110
		8,973		10,180
CREDITORS				
Amounts falling due within one year	14	(5,061)		(4,551)
NET CURRENT ASSETS (LIABILITIES)			3,912	5,629
NET ASSETS			36,321	39,487
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		570
Other		922		1,041
			1,492	1,611
Designated funds			1,774	1,460
Restricted funds	15			
Fixed assets		8,606		9,529
Other		7,065		8,614
			15,671	18,143
Endowment funds	16		17,384	18,273
	18		36,321	39,487

Approved by the Trustees on 1 August 2023 and signed on their behalf:


Jeremy Penn
Council Member & Chairman


Martin Coles
Chief Executive Officer & Grant in Aid Accounting Officer

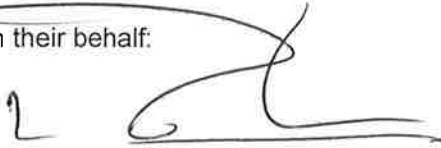
The notes on pages 35 to 55 form an integral part of these accounts

CHARITY BALANCE SHEET
31 MARCH 2023

			2023	2022
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		435	661
Tangible assets	11		12,755	13,116
Investments	12		19,224	20,086
			<u>32,414</u>	<u>33,863</u>
CURRENT ASSETS				
Stocks		477		573
Debtors	13	255		503
Cash at bank and in hand		8,210		9,070
		<u>8,942</u>		<u>10,146</u>
CREDITORS				
Amounts falling due within one year	14	(5,059)		(4,550)
NET CURRENT ASSETS (LIABILITIES)			<u>3,883</u>	<u>5,596</u>
NET ASSETS			<u>36,297</u>	<u>39,459</u>
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		570
Other		898		1,013
			1,468	1,583
Designated funds			1,774	1,460
Restricted funds	15			
Fixed assets		8,606		9,529
Other		7,065		8,614
			15,671	18,143
Endowment funds	16		17,384	18,256
	18		<u>36,297</u>	<u>39,459</u>

Approved by the Trustees on 1 August 2023 and signed on their behalf:


Jeremy Penn
Council Member & Chairman


Martin Coles
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 35 to 55 form an integral part of these accounts

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash (used by)/provided by operating activities	(a)	(864)	8,272
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	4	36	0
Investment income	4	599	440
Purchase of fixed assets	10&11	(600)	(4,631)
Proceeds from sale of fixed assets		3	6
Purchase of investments	12	(8,302)	(6,453)
Proceeds from sale of investments	12	8,275	6,485
Net cash generated by/(used in) investing activities		11	4,153
INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND IN THE YEAR		(853)	4,119
CASH AT BANK AND IN HAND 1 APRIL 2022		9,110	4,991
CASH AT BANK AND IN HAND 31 MARCH 2023		8,258	9,110

NOTES TO CASH FLOW STATEMENT

		2023	2022
		£'000	£'000
(a) Reconciliation of net income (expenditure) to Net cash flows from operating activities			
Net income/(expenditure)		(3,166)	4,161
Depreciation	10 & 11	1,163	1,184
(Gains)/losses on investments	12	889	(618)
Gains / (Losses) on the sale of tangible fixed assets		20	(268)
Decrease in stocks		97	54
Decrease in debtors		259	5,583
Increase/(Decrease) in creditors			
Interest received and investment income	4	510 (635)	(1,385) (440)
Net cash (used by)/provided by operating activities		(864)	8,272

The notes on pages 35 to 55 form an integral part of these accounts

NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023

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 Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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 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 results of the charity and its subsidiaries are consolidated on a line-by-line basis after intercompany transactions and balances have been eliminated.

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.

Whilst one of the main charitable purposes of the Fund is to support the activities of Sea Cadets and seafarers, the level of this necessary expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Group's working capital and capital expenditure requirements. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

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.

Legacies are recognised at the earlier of receipt, completion of estate accounts or notification by the executors of an estate of a distribution.

Income received from the sale of goods and service is recognised in the year the sale occurs or the good is provided. Income from training, events and offshore activities is recognised in the year the activity or event is delivered.

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES (CONTINUED)

c) Expenditure

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

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 on the basis of headcount (see note 9). Irrecoverable VAT is included in support costs as an overhead cost.
- 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) Definition of liquid resources

Liquid resources included on the cash flow statement are those held as cash at bank and in hand.

f) 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. The charity also makes contributions to a multi-employer defined benefit scheme in respect of former employees. These amounts are also written off as incurred together with any known commitments to fund the deficit of the scheme, where they relate to past service.

g) Intangible and tangible fixed assets

Capital items with a value over £5,000 are treated as fixed assets. Depreciation / amortisation is provided on all fixed assets to write off the cost of these assets over their expected useful life. The following straight line depreciation rates have been used:

Freehold buildings	1.66%	Boats and dinghies	10%
Freehold improvements	10%	Motor vehicles	25%
Leasehold improvements	Lease term	Furniture, Fixtures & Fittings	20%
Training ships and yachts	5%	Computers & software	25%

202 Lambeth Road continues to be treated in line with this policy during its current marketing for sale, pending exchange of contracts, following which it will be reassessed on a market value basis.

h) 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. The Trustees review the valuation of property investments for impairment every year and revalue the investments on a market basis at least every five years.

i) Stocks

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

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES (CONTINUED)

j) Endowment and Restricted Funds

Restricted funds represent gifts or grants, which can only be applied for a purpose specified by the donor or grantor. All monies received from the MOD are treated as restricted funds. These amounts are carried forward as deferred income where there is a restriction on when monies can be spent.

Designated funds for investments in boat stations and outreach work have been set up.

Endowment funds are classified as either permanent - 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. Alternatively, they may be expendable if they relate to those that were given where the intention was clearly for the donation to be held for the longer term but where the funds are ultimately expendable.

k) Heritage assets

The charity has received donations of various naval and maritime paintings and artefacts over its 265 year history. A number of these are housed at the National Maritime Museum in Greenwich. These assets are retained for their historical and cultural significance in relation to the work of the charity, which illustrate and show the unique service the charity has given to the nation. The assets are not held on the balance sheet as they were either donated or have long since been written off, and are not held for their financial value, however the assets were valued for insurance purposes during the financial year, with a total valuation of £617K.

It is not the policy of the charity to obtain further artefacts but to preserve those of heritage significance that it owns, which it does with the help of the National Maritime Museum. Alongside the planned relocation of the national offices of the charity, the Trustees reviewed the artefacts held and determined those that should be held for posterity, those that should be gifted to relevant museums and those to be sold. Effecting this is ongoing. No material artefacts have been acquired in the last five years.

l) 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 assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors, and accrued income. Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals. Income arising from financial assets, comprising bank interest is recognised within income and expenditure.

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. Investments in subsidiaries are held at cost less impairment.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

2. DONATIONS, LEGACIES AND OTHER INCOME

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
2022/23 analysis of income				
Donations and subscriptions	118	-	-	118
Legacies	123	-	-	123
Other Major Grants ¹	-	432	-	432
Boat station appeals ²	-	135	-	135
Bursaries	-	64	-	64
Other restricted funds ³	-	245	-	245
Areas, Branches and Other Income	346	111	-	457
	587	987	-	1,574
2021/22 analysis of income				
Donations and subscriptions	149	-	-	149
Legacies	45	-	-	45
Other Major Grants ¹	-	1,098	-	1,098
Boat Station Appeals	-	346	-	346
Bursaries ²	-	10	-	10
Other restricted funds ⁴	-	415	-	415
Coronavirus job retention scheme	1	-	-	1
Areas, Branches and Other Income	1,023	266	-	1,289
	1,218	2,135	-	3,353

Other Major Grants ¹

Includes grants from Seafarers' UK, Trinity House Maritime Charity and Merchant Navy Welfare Board

Boat Station Appeals ²

Include major donations from Edward Cadbury Charitable Trust and DCMS

Other Restricted Funds³

Include major donations from Stelios Philanthropic Foundation, IFAN, Shipwrights, Gosling Foundation, GB Partnerships Foundation, Jack Petchey Foundation and Michael Uren Foundation

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2023	2023	2023	<i>2022</i>	<i>2022</i>	<i>2022</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
MOD grant in aid (for Sea Cadets activity)	-	12,429	12,429	-	14,438	14,438
Seafarer education and support	515	2	517	583	71	653
Sea Cadet Corps training	718	-	718	285	-	285
Offshore fleet income	587	-	587	143	-	143
	1,820	12,431	14,251	<i>1,011</i>	<i>14,509</i>	<i>15,520</i>

In addition to the MOD grant in aid (for Sea Cadets activity), the charity receives significant support in kind from the MOD. Eleven Royal Navy personnel are provided on loan, at an estimated value to the charity of £700K. Six area offices, three Sea Cadets training centres, Sea Cadets stores, the offshore offices and berthing facilities are also provided at MOD premises, together with ad hoc use of MOD training estate. Fuel for the offshore vessels from Royal Navy sources, some uniforms and various specialist stores items are also provided by the Royal Navy.

The Trustees have considered the very significant difficulties in undertaking a valuation of this support in kind, including whether a reliable, objective valuation would be possible, and the very significant costs which would be involved. They have concluded that the costs involved in undertaking the valuation would not be justified by the benefits to the users of the accounts in terms of their better understanding of the resources available to the charity and to the charity itself from having this financial information.

4. INVESTMENTS

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2023	2023	2023	<i>2022</i>	<i>2022</i>	<i>2022</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment income (excluding Rental income)	377	24	401	276	23	299
Rental income	198	-	198	141	-	141
Bank interest	36	-	36	-	-	-
	612	24	635	<i>417</i>	<i>23</i>	<i>440</i>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

5. ANALYSIS OF EXPENDITURE

	Unrestricted 2023	Restricted 2023	Total 2023	<i>Unrestricted 2022</i>	<i>Restricted 2022</i>	<i>Total 2022</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment management fees	38	-	38	71	-	71
Fundraising	322	-	322	479	-	479
MSSC (Trading) Limited	4	-	4	7	-	7
Safeguarding and supporting Sea Cadets activity and infrastructure	1,088	8,009	9,096	326	7,772	8,098
Sea Cadet Corps training	703	4,436	5,139	205	3,388	3,593
Offshore fleet	287	2,470	2,757	88	2,055	2,143
Professional seafarer education and support	686	244	930	715	210	925
Promoting Sea Cadets activity	51	442	494	18	474	492
	3,179	15,601	18,780	<i>1,909</i>	<i>13,899</i>	<i>15,808</i>

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2022/23 analysis of costs					
Investment management fees	-	-	38	-	38
Fundraising	-	215	67	41	322
MSSC (Trading) Limited	-	-	4	-	4
Safeguarding and supporting Sea Cadets activity and infrastructure	1,150	3,338	3,322	1,286	9,096
Sea Cadet Corps training	3	1,458	2,858	820	5,139
Offshore fleet	102	763	1,539	353	2,757
Professional seafarer education and support	32	313	513	72	930
Promoting Sea Cadets activity	-	206	216	71	494
	1,287	6,293	8,557	2,643	18,780

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

5. ANALYSIS OF EXPENDITURE (CONTINUED)

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2021/22 analysis of costs					
Investment management fees	-	-	71	-	71
Fundraising	-	326	104	48	479
MSSC (Trading) Limited	-	-	7	-	7
Safeguarding and supporting Sea Cadets activity and infrastructure	815	3,352	2,414	1,518	8,098
Sea Cadet Corps training	11	1,248	1,366	968	3,593
Offshore fleet	50	713	964	417	2,143
Professional seafarer education and support	27	304	510	85	925
Promoting Sea Cadets activity	-	154	254	84	492
	<u>903</u>	<u>6,097</u>	<u>5,683</u>	<u>3,119</u>	<u>15,808</u>

Other costs include all direct expenditure in relation to areas, branches, onshore and offshore activities.

6. GRANTS PAYABLE

Grants payable were as follows:

	2023 £'000	2022 £'000
Grants to institutions	885	879
Grants to individuals	431	667
	<u>1,316</u>	<u>1,546</u>

Individual grants given are small and not material within the overall total.

Grants to institutions comprise grants made to Sea Cadets units to reimburse expenditure towards premises, minibuses, junior units and emergency needs. It also includes the provision of boats and equipment to units and unit hubs.

Grants to individuals comprise grants to Sea Cadets volunteers for uniforms and bursaries for cadets to take part in activities.

Support costs in relation to grants payable are included within note 7 below.

Grants payable at the year-end are included with creditors (see note 14).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

7. SUPPORT COSTS

The support costs of the charity consist of four elements: Management, Finance & Digital, Premises, and Human Resources. These costs have been apportioned across the work of the charity on the basis of staff numbers in each functional area. The apportioned costs are set out below:

					2023	2022
	Manage- ment	Finance and Digital	Premises	Human Resour ces	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising	6	12	11	12	41	48
Safeguarding and supporting Sea Cadets activity and Infrastructure Sea Cadet Corps training	128	633	255	270	1,286	1,518
Offshore fleet	83	403	162	172	820	968
Professional seafarer education and support	36	174	69	74	353	417
Promoting Sea Cadets activity	10	21	20	21	72	85
	7	35	14	15	71	84
2023	<u>270</u>	<u>1,278</u>	<u>531</u>	<u>564</u>	<u>2,643</u>	<u>3,119</u>
2022	<u>195</u>	<u>1,507</u>	<u>888</u>	<u>529</u>	<u>3,119</u>	

Included within Support costs are salary costs of £1,273K (2022: £1,232K).

Irrecoverable VAT costs included within Support costs amounted to £88K (2022: £140K).

Total Governance costs included in Support were £189K (2022: £162K). These included auditors' fees for external audit £54K (2022: £24K) and tax advice £1K (2022: £4K).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

8. SUBSIDIARY ORGANISATIONS

The Sea Cadet Association is a charitable company registered in England and Wales (company number Number 404951 and Charity Number 306141). The charity was dormant in the current year and both net income and net assets/funds for the year were £nil (2022: net income and net assets/funds: £nil). The organisation is retained as it is counterparty to a number of leases held by Sea Cadets units and also acts as a vehicle for the receipt of occasional legacies.

MSSC (Trading) Limited is registered in England with company number 9476222. The charity has a £5K (2022: £5K) investment in MSSC (Trading) Limited (note 12), representing 100% of the issued share capital of that company. The results of the company for the year and its balance sheet at the year end were as below. The company made a charitable donation in the year of £5K (2022: £5k) to the charity. The company anticipates making a charitable donation to the charity of £24K in 2023/24 based on profits earned in 2022/23. Year-end net assets stand at £29K (2022: £33K).

	2023 £'000	2022 £'000
Turnover	28	35
Purchases for resale	-	-
Other operating charges	(4)	(7)
Profit on Ordinary Activities before taxation	24	28
Taxation	-	-
Profit on Ordinary Activities after taxation	24	28
Retained profit at 1 April 2022	5	5
Charitable donation to the Marine Society & Sea Cadets	(5)	(5)
Retained profit at 31 March 2023	24	28
	2023 £'000	2022 £'000
Current Assets		
Debtors	23	14
Cash at bank and in hand	48	40
	71	54
Creditors		
Amounts falling due within one year	(42)	(21)
Net Current Assets	29	33
Net Assets	29	33
Capital and Reserves		
Called up share capital	5	5
Profit and loss account	24	28
	29	33

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

9. STAFF COSTS

	2023	2022
	£'000	£'000
Wages and salaries	6,880	6,254
Social security costs	622	555
Pension fund contributions	444	419
Health insurance	62	102
	8,008	7,329

The average head count was 193 staff (2022: 186) and the average full time equivalent numbers of employees were as follows:

	2023	2022
Fundraising	5	5
Supporting Sea Cadets activity and infrastructure	83	84
Sea Cadets training	65	61
Offshore fleet	22	22
Promoting Sea Cadets activity	5	4
Seafarer education and support	6	7
	186	183

Included within staff costs are £1,000K (2022: £1,232K) support costs and £nilK (2022: £nilK) costs capitalised within Fixed Assets.

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the six (2022: *six*) Directors in post (senior management team) listed under Executive Management on page 56. Their total remuneration, (including those not in post at the year-end), including social security costs and pension contributions was £714K (2022: £651K). The Trustees did not receive any remuneration from the charity during the year but were reimbursed for some travel costs, where they chose to claim. Five (2022: *two*) Trustees claimed travelling expenses totalling £1.2K (2022: £0.7K).

Ten employees earned over £60K (2022: *seven*). Bandings, inclusive of allowances (where payable) were:

	2023	2022
£60K - £70K	3	2
£70K - £80K	4	3
£80K - £90K	1	1
£90K - £100K	1	-
£110K - £120K	*1	*1

* These figures include pension allowances paid to one individual (2022: *one*) in lieu of employer pension contributions that would otherwise be payable but not shown within remuneration.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

10. INTANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Computers & software	Total
	£'000	£'000
COST		
At 1 April 2022	1,626	1,626
Additions in period	40	40
Disposals in period	-	-
At 31 March 2023	1,666	1,666
AMORTISATION		
At 1 April 2022	965	965
Provision in period	266	266
Disposals in period	(-)	(-)
At 31 March 2023	1,231	1,231
Net book value		
At 31 March 2023	435	435
<i>Net book value</i>		
<i>At 31 March 2022</i>	<i>661</i>	<i>661</i>

Above includes £nilK (2022: £47K) in respect of assets under construction.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

11. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Freehold building £'000	Building improve- ments £'000	Ships & boats £'000	Furniture & fittings £'000	Motor vehicles £'000	Computers £'000	Total £'000
COST							
At 1 April 2022	717	8,814	10,697	354	489	115	21,186
Additions in period		161	399	-	-	-	560
Disposals in period	-	(25)	-	-	(24)	-	(49)
At 31 March 2023	717	8,950	11,096	354	465	115	21,697
DEPRECIATION							
At 1 April 2022	615	1,632	5,054	319	387	64	8,071
Provision in period	12	304	521	9	36	15	897
Disposals in period	-	-	-	-	(25)	-	(25)
At 31 March 2023	627	1,936	5,575	327	398	79	8,943
Net book value At 31 March 2023	90	7,014	5,521	27	67	36	12,755
<i>Net book value At 31 March 2022</i>	<i>102</i>	<i>7,182</i>	<i>5,643</i>	<i>36</i>	<i>103</i>	<i>51</i>	<i>13,116</i>

Building improvements include assets under construction £340K (2022: £204K).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023
12. INVESTMENTS
GROUP INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Total £'000
Fair value at 1 April 2022	18,247	1,200	634	20,081
Additions at cost	7,949			7,949
Disposal proceeds	(8,275)			(8,275)
Movement in Cash	-		353	353
Gain for the year	(889)		-	(889)
Fair value at 31 March 2023	17,032	1,200	987	19,219

CHARITY INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Subsidiary £'000	Total £'000
Fair value at 1 April 2022	18,247	1,200	634	5	20,086
Additions at cost	7,949				7,949
Disposal proceeds	(8,275)				(8,275)
Movement in Cash	-		353		353
Gain for the year	(889)		-		(889)
Fair value at 31 March 2023	17,032	1,200	987	5	19,224

All investments are held in the UK. There is one single investment in excess of 5% of the portfolio, Vanguard Funds Plc S&P 500 (5.7%). £5,844K was directly in overseas' equities. The subsidiary investment is in MSSC (Trading) Limited, note 8. The cost of the Investment Portfolio including cash was £15,292K (2022: £14,718k).

Fund analysis of gains and (losses):

	2023 £'000	2022 £'000
Endowment (note 16)	(889)	618
Total gains (losses)	(889)	618

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

13. DEBTORS

	Group 2023	<i>Group 2022</i>	Charity 2023	<i>Charity 2022</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	44	<i>286</i>	33	<i>273</i>
Amounts due from MSSC (Trading) Ltd	-	<i>-</i>	28	<i>19</i>
Loans	5	<i>1</i>	5	<i>1</i>
Other taxation and social security	-	<i>-</i>	-	<i>-</i>
Other debtors	4	<i>2</i>	4	<i>2</i>
Prepayments	121	<i>159</i>	121	<i>159</i>
Accrued income	64	<i>50</i>	64	<i>50</i>
	238	<i>497</i>	255	<i>503</i>

14. CREDITORS: Amounts falling due within one year

	Group 2023	<i>Group 2022</i>	Charity 2023	<i>Charity 2022</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	276	<i>396</i>	276	<i>396</i>
Amount due to Slater	(101)	<i>60</i>	(101)	<i>60</i>
Other taxation and social security	171	<i>490</i>	171	<i>490</i>
Grants payable	1,723	<i>1,167</i>	1,723	<i>1,167</i>
Other creditors	616	<i>597</i>	616	<i>597</i>
Pension provision (note 19)	-	<i>-</i>	-	<i>-</i>
Accruals	1,922	<i>1,428</i>	1,920	<i>1,428</i>
Deferred income	454	<i>413</i>	454	<i>412</i>
	5,061	<i>4,551</i>	5,059	<i>4,550</i>

£513K (2022: £407K) of Grants payable at 1 April 2023 were paid in the year, and £241K (2022: £366K) of further grants were provided during the year to 31 March 2023. Payment of grants made is mostly conditional on the balance of funding for property projects being raised by the grant recipient. £536K (2022: £275k) of accruals and £40K (2022: £39k) of deferred income balances at 1 April 2022 are included in creditors at 31 March 2023. These should be released in 2023/24.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023
15. RESTRICTED FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance 1 April 2022	Movement of funds			Transfer	Balance 31 March 2023
			Income	Expend- -iture	Income/ interest		
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	The Sea Cadet Corps	2,692	12,129	(11,876)	-	(314)	2,631
Various	Offshore ships and boats	5,861	178	(809)	9	-	5,239
Various	Sea Cadets training	2,180	415	(918)	10	-	1,687
Various	Cadet expansion Programme	4,340	-	(163)	-	-	4,177
Various	Sea Cadets unit grants	1,496	445	(1,253)	-	-	688
Various	Area Sea Cadets Training	906	111	(194)	5	-	828
Various	Seafarer training	242	92	(173)	-	-	160
Various	Bursaries	262	48	(146)	-	-	165
Corbyn Memorial Fund	Nautical education	50	-	(28)	-	-	22
Thomas Gray Memorial Trust	Maritime Science and Technology	40	-	(40)	-	-	-
Various	Other	74	-	-	-	-	74
		18,143	13,418	(15,601)	24	(314)	15,671

(continued)

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

15. RESTRICTED FUNDS (GROUP AND CHARITY) (2021/22)

Donor	Purpose	Balance 1 April 2021	Movement of funds			Transfer	Balance 31 March 2022
			Income	Expend- iture	Income/ interest		
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	The Sea Cadet Corps	-	14,018	(11,327)	-	-	2,692
Various	Offshore ships and boats	6,299	247	(691)	7	-	5,861
Various	Sea Cadets training	1,328	1,354	(512)	10	-	2,180
Various	Cadet expansion Programme	4,510	-	(169)	-	-	4,340
Various	Sea Cadets unit grants	1,573	523	(601)	-	-	1,496
Various	Area Sea Cadet Training	945	266	(308)	5	-	906
Various	Seafarer training	261	190	(210)	-	-	242
Various	Bursaries	298	45	(81)	-	-	262
Corbyn Memorial Fund	Nautical education	50	-	-	-	-	50
Thomas Gray Memorial Trust	Maritime Science and Technology	39	-	-	1	-	40
Various	Other	74	-	-	-	-	74
		<u>15,377</u>	<u>16,643</u>	<u>(13,899)</u>	<u>23</u>	<u>-</u>	<u>18,143</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

16. ENDOWMENT FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance 1 April 2022 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2023 £'000
Corbyn Memorial Fund	Grants and payments for Nautical Education	237	(12)	-	225
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	114	(6)	-	108
Destitute Sailors Fund	Assisting distressed merchant seamen	71	(3)	-	68
Various	Providing subsidised berths and awards to Sea Cadets	558	(27)	-	531
Expendable Endowed Funds	Held for general purposes	17,294	(841)	-	16,453
		<u>18,273</u>	<u>(889)</u>	<u>-</u>	<u>17,384</u>

Donor	Purpose	Balance 1 April 2021 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2022 £'000
Corbyn Memorial Fund	Grants and payments for Nautical Education	229	8	-	237
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	110	4	-	114
Destitute Sailors Fund	Assisting distressed merchant seamen	68	3	-	71
Various	Providing subsidised berths and awards to Sea Cadets	539	19	-	558
Expendable Endowed Funds	Held for general purposes	16,453	584	256	17,294
		<u>17,399</u>	<u>618</u>	<u>256</u>	<u>18,273</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

17. DESIGNATED FUNDS

Fund	Balance 1 April 2022 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2023 £'000
Cadet Outreach	83	-	-	83
Boat station	1,004	-	3	1,007
SC future projects	373	-	-	373
Expedition equipment	-	-	198	198
Environmental grants	-	-	113	113
	1,460	-	314	1,774

Fund	Balance 1 April 2021 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2022 £'000
Cadet Outreach	83	-	-	83
Boat station	754	-	250	1,004
SC future projects	-	-	373	373
	837	-	623	1,460

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2023				
Restricted funds	12,484	-	3,187	15,671
Endowment funds	135	17,249	-	17,384
Designated funds	-	1,460	314	1,774
Unrestricted funds	570	510	411	1,492
Total	13,189	19,219	3,912	36,321

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

GROUP

2022	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	12,951	-	5,192	18,143
Endowment funds	256	18,017	-	18,273
Designated funds	-	1,460	-	1,460
Unrestricted funds	570	604	437	1,611
Total	13,776	20,081	5,630	39,487

CHARITY

2023	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	12,484	-	3,187	15,671
Endowment funds	135	17,249	-	17,384
Designated funds	-	1,460	314	1,774
Unrestricted funds	570	515	382	1,468
Total	13,189	19,224	3,883	36,297

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

2022	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	12,951	-	5,192	18,143
Endowment funds	256	18,017	-	18,273
Designated funds	-	1,460	-	1,460
Unrestricted funds	570	609	404	1,583
Total	<u>13,777</u>	<u>20,086</u>	<u>5,597</u>	<u>39,459</u>

18. TAXATION

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

19. PENSION SCHEMES (GROUP AND CHARITY)

A number of former employees of the former Marine Society and of the Sea Cadet Association are members of the Merchant Navy Officers Pension Fund - MNOF (New Section). The fund is active, though closed to future accrual on 31 March 2016. However, the MSSC continues to have a share of the net deficit in the fund.

The actuarial report as at 31 March 2022 valued assets in the scheme at £2,957M and the liabilities at £2,887M giving a rise to a scheme wide surplus of £70M. As at the date of the 2022 valuation no deficit contributions were required.

All current employees are members of a contract based defined contribution scheme. £444K (2022: £419K) was paid by the charity during the year of which £55K (2022: £52K) was outstanding at the year end and included in creditors.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2023

20. RELATED PARTY TRANSACTIONS (CHARITY)

The Chief Executive Officer is an ex officio trustee/director of the Royal Albert Dock Trust during the year, the charity paid rent to the Royal Albert Dock Trust's London Regatta Centre totalling £600 (2022: £27K).

Three of the Trustees of the charity are trustees of Trinity House Maritime Charity. During the year the charity received a grant of £130K (2022: £110K) from the Trinity House Maritime Charity. No amounts were outstanding to the charity at the year end.

One of the Trustees was appointed Chairman of IFAN maritime in November 2019. They support MSSC on various educational projects, during the year the charity received a grant of £40K (2022: £60k).

One of the Trustees is an Associate Member of Stelios Philanthropic Foundation who has supported Sea Cadets projects with a grant of £30k (2022: £71k).

Two Trustees, the Chief Executive Officer and another Director are members of the Company of Shipwrights who have funded £14k for bursaries (2022: £13k).

One of the Trustees is a Fellow of the Nautical Institute who rent office space in London amounting to £21k (2022: £64k).

One of the Trustees is Headteacher of the London Nautical School. During the year the charity paid a grant of £39k (2022: £nil)

The charity was paid £4K (2022: £4K) for management and accounting services from its subsidiary undertaking MSSC (Trading) Limited (note 8). A charitable donation amounting to £5K (2022: £5k) was received from the subsidiary. The charity anticipates receiving a charitable donation from the subsidiary of £24K in 2023/24 based on profits earned by the company in 2022/23. At the year end, the charity was owed £24K (2022: £19K) by the subsidiary and this amount is included in charity debtors.

One Trustee of the charity, Simon Figgis, and two employees, Jenny Howard and Paul Wilkinson, are directors of MSSC (Trading) Limited. Two Trustees, David Dingle and Jonathan Robertshaw are directors of the Sea Cadet Association.

21. STATUTORY INFORMATION

The Marine Society and Sea Cadets (MSSC) is a charity registered with the Charity Commission in England and Wales (registration number 313013) and with the Office of the Scottish Charity Regulator (registration number SC037808). The registered office is 200b Lambeth Road, London SE1 7JY.

COUNCIL MEMBERS AND EXECUTIVE MANAGEMENT YEAR ENDED 31 MARCH 2023

Council members and executive management during the year, and as at the date of this report, were:

PRESIDENT: Admiral Sir Philip Jones GCB DL

COUNCIL MEMBERS

The Council members who served during the year were:

Jeremy Penn (Chair)

Liz Cassidy (Vice Chair) ^{1, 2}

Robert Woods CBE ² (Retired 12/10/22)

Simon Figgis ^{1, 3}

Lt Cdr (SCC) Jason Kinghorn RNR ^{2, 3} (retired 27/01/23)

Steve Smith ^{2, 3} (co-opted 27/01/23)

Alan Marsh MBE FICS ¹

John May OBE DL ^{2, 3}

Captain Ian McNaught CVO MNM

Vice Admiral Sir Jonathan Woodcock KCB OBE ^{2, 3, 4}

David Derbyshire ³

Léonie Austin ²

David Dingle CBE ^{1, 2}

Jonathan Robertshaw ^{1, 2}

Michael Schofield ^{2, 3}

Gareth Hampton ^{1, 2}

Laurelle Brant ^{2, 3}

Christine Baldwin MRICS ^{2, 3} (elected 12/10/22)

Lukshmy Miranda Nagalingam ^{1, 2} (elected 12/10/22)

Council Members are members of the following committees as annotated above.

- ¹ The Finance, Investment, Remuneration and Audit Committee
- ² The Policy Development and Nominations Committee
- ³ The Safety, Safeguarding, Inclusion & Risk Committee
- ⁴ The National Sea Cadets Advisory Council
- ⁵ The National Sea Cadets Forum

EXECUTIVE MANAGEMENT

Chief Executive Officer

Captain Sea Cadets & Director of Operations*

Director of Finance & Digital and Company Secretary

Director of Young People, Volunteer & Business

Support

Director of Sea Cadet Learning

Director of Fundraising and Communications

Director of Human Resources

Director of Maritime Training and Development

Martin Coles CBE FRICS ACI Arb

Captain Neil Downing RN

Jenny Howard

Paul Wilkinson

Heather Williams

Daniel McAllister

Petrina Brooker

Darrell Bate

* provided on loan from the Royal Navy

**PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2023**

The principal professional advisers during the year were:

Auditors:	Mazars 2 nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, SM1 4FS
Bankers:	Barclays Bank plc 1 Churchill Place London, E14 5HP National Westminster Bank plc 250 Regent Street London, W1B 3BN Royal Bank of Scotland plc 62-63 Threadneedle Street London, EC2R 8HP
Investment Advisers and Custodians:	Investec Wealth & Investment Ltd 2 Gresham Street London, EC2V 7QN KW Investment Management Ltd 13 Austin Friars London, EC2N 2HE
Legal advisers:	Farrer & Co LLP 66 Lincoln's Inn Fields London, WC2A 3LH Moon Beaver 21A John Street London, WC1N 2BF Russell Cooke 2 Putney Hill London, SW15 6BA
Insurance Brokers:	Arthur J. Gallagher Insurance Brokers The Walbrook Building 25 Walbrook London, EC4N 8AW
Pension Advisers:	Mercer Limited 1 Tower Place West, Tower Place, London, EC3R 5BU
Registered Office:	200b Lambeth Road London, SE1 7JY ms-sc.org

Accounts



MARINE SOCIETY & SEA CADETS

Report & Accounts For the year ended 31 March 2022

Patron: Her Majesty the Queen

Admiral of the Sea Cadet Corps: Her Royal Highness The Princess Royal

President: Admiral Sir Mark Stanhope GCB OBE DL (Retired 6 October 2021)
Admiral Sir Philip Jones GCB DL (Appointed 6 October 2021)

Charity number (England & Wales): 313013

Charity number (Scotland): SC037808

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Overview

Marine Society and Sea Cadets (MSSC) is a charity that helps launch young people for life and supports aspiring and serving seafarers to realise their potential.

With a clear vision to be the leading maritime charity for youth development and lifelong learning, MSSC is committed to investing in and supporting all of our beneficiaries so they can achieve their potential whatever path they choose.

For **Sea Cadets** this means: Inspiring the next generation to realise their potential and seize a better future through nautical adventure based on the customs and traditions of the Royal Navy.

For the **Marine Society** this means: Empowering aspiring and serving seafarers to realise their ambitions, through learning and self-development.

We know that our work has a transformational impact on both individuals and the communities they live and work in, positively affecting their life chances and benefiting their communities and society as a whole. The pandemic brought our work into sharp focus, requiring us to respond rapidly to changing needs and to be highly agile in our delivery, moving almost everything online without a pause. Our two-year 'Regeneration Strategy' from April 2021 has guided our managed return to more normal delivery. For Sea Cadets we have focussed on equipping our amazing volunteers, maximising an early return to face-to-face delivery wherever possible, fully harnessing new ways of working learnt through the crisis, whilst driving a digital transformation of many of our key processes. During the same period, Marine Society has continued to grow its training programmes including maritime apprenticeships, post-16 courses and careers, as well as partnering with maritime sector bodies and charitable organisations to deliver targeted financial support for seafarers directly impacted by the pandemic.

The last two years have been hard, but have demonstrated beyond doubt the need and demand for what we do. Essential to our success however is the determination of so many volunteers working with employees across the national charity to meet the needs of young people and seafarers during a period when isolation and school closures left them feeling forgotten. As a result, at the halfway stage we are well on target to deliver the final year of our Regeneration Strategy, setting strong foundations upon which to launch our new strategy from April 2023 to take the charity further forward.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Our values and culture

We are driven by what we do and the impact we have. We are proud of our work, approaching it with positivity, energy and enthusiasm as we lay the foundations for more inspiring futures. Our shared values and ways of working are summarised below and will guide us as we work together to achieve our goals for those we support.

MSSC values

Respect:

We adopt a professional, can-do approach, which creates an environment where we respect one another's contribution so we can thrive and grow.

Loyalty:

We are loyal to our beneficiaries, and recognise the impact that working as one team will have on achieving the charity's goals.

Self-discipline:

Our approach to planning and prioritising our work ensures excellence so we can achieve the best possible results.

Commitment:

We are committed to the charity's goals, which motivate us to work creatively to find solutions.

Honesty & integrity:

This underpins all that we do as individuals and teams. To achieve this, we are transparent, embrace feedback and take personal ownership to drive results.

Courage:

We do what we know is right and support our colleagues to do the same.

Sea Cadet values

Respect:

To appreciate and be considerate to others.

Loyalty:

To be faithful to all who invest in me.

Self-discipline:

To do what I must.

Commitment:

To do what I say I will.

Honesty & integrity:

To tell the truth and be a good person.

Courage:

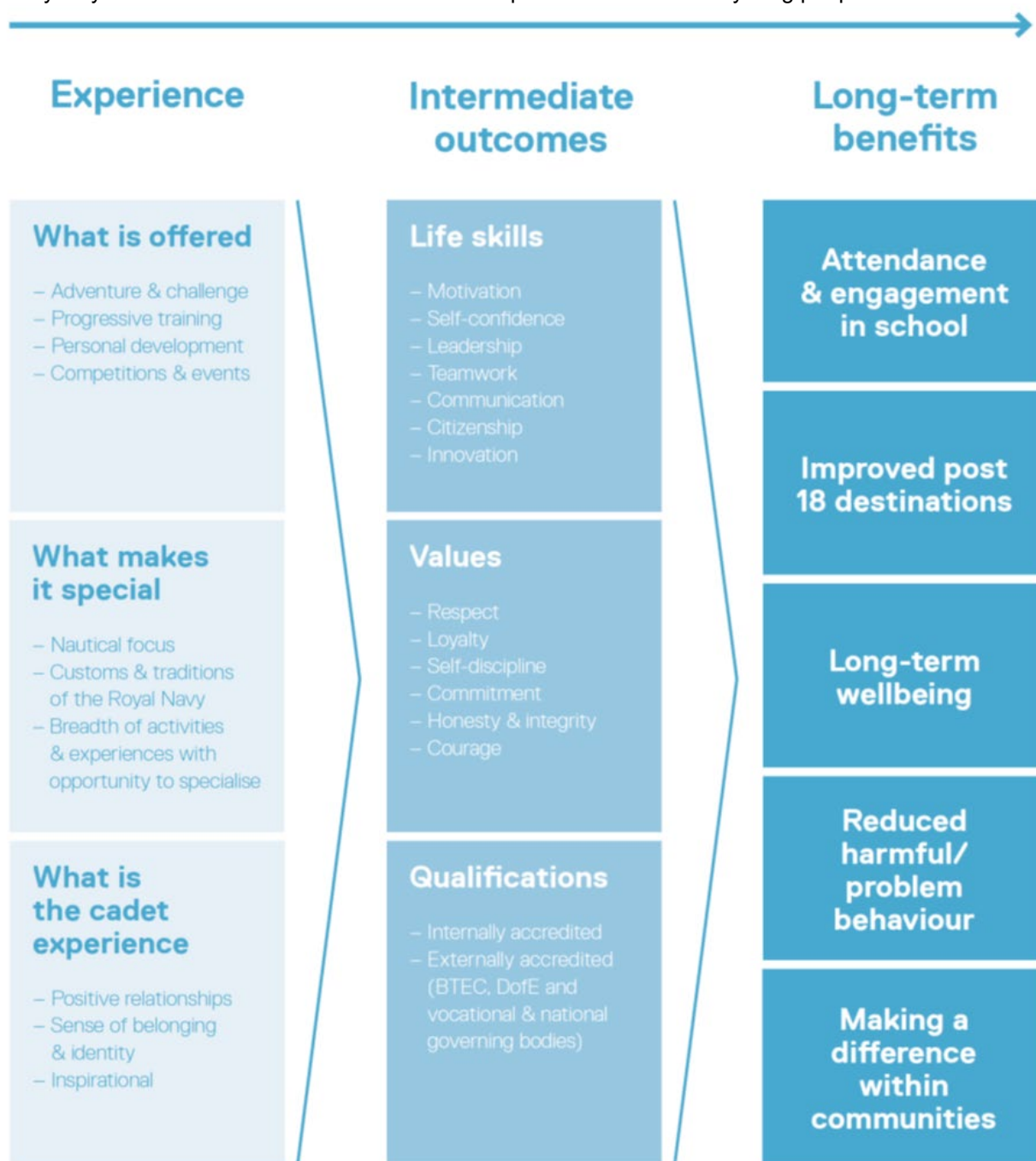
To do what we know is right.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Our outcomes framework

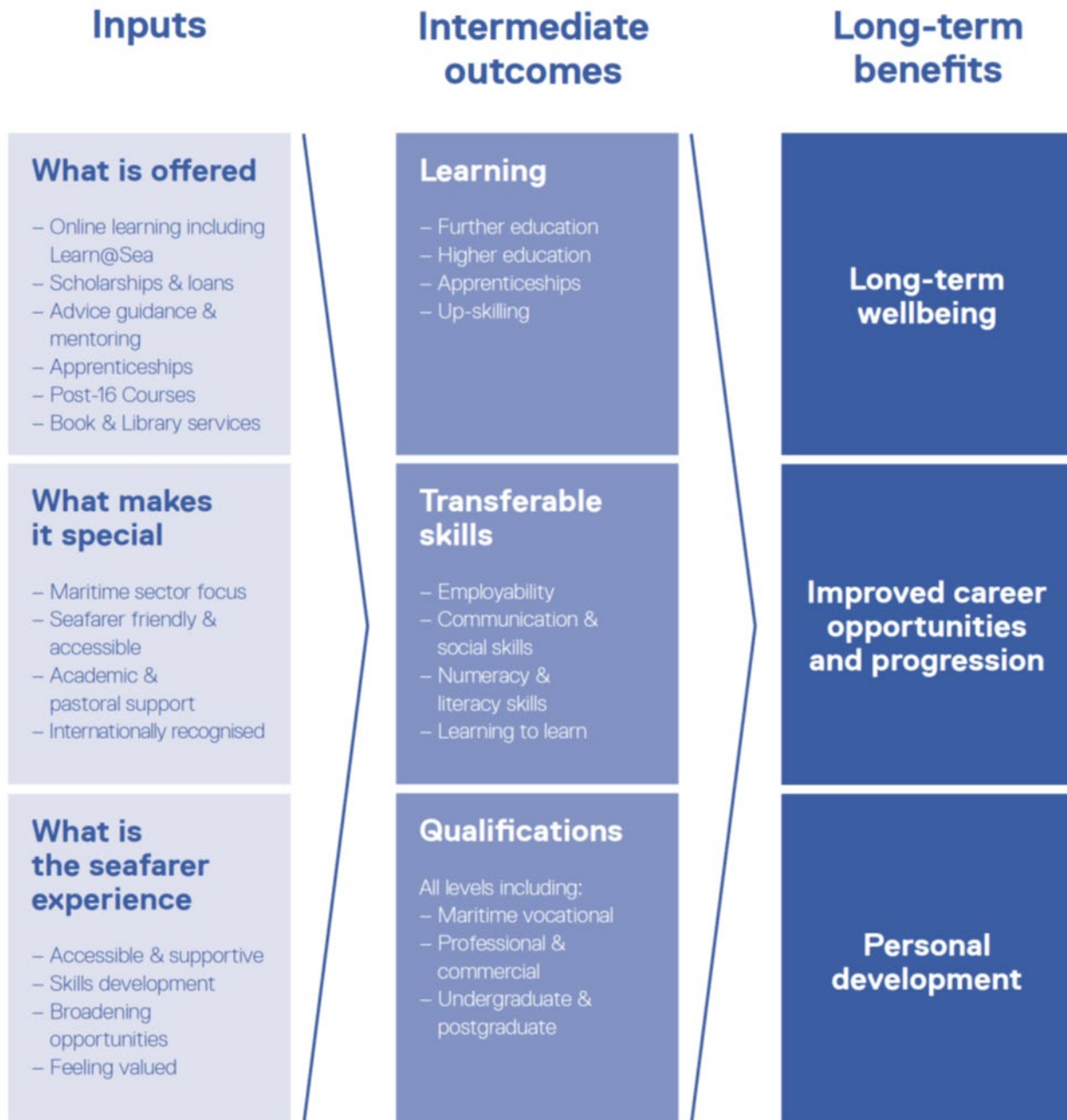
The charity has developed a framework that gives a clear picture of the journey a young person or a seafarer goes on with us. This helps to ensure that the charity offers a consistent and conscious outcome to all beneficiaries and that we always meet our long terms goals of making a positive, life enhancing difference.

We developed a framework to help us map our impact for young people. It means we can explain more clearly why we do what we do and how we achieve positive outcomes for young people:



**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2022**

The next table shows how we map our impact for current and aspiring seafarers. It means we can explain more clearly how we empower aspiring and serving seafarers to realise their ambitions and deliver long-term benefits for them:



REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

OUR STRATEGIC REGENERATION PLAN to 2023

Marine Society and Sea Cadets has proved immensely resilient to the challenges of the Coronavirus pandemic (Covid-19). As the world recovers, transforms and finds its new future, what we provide to young people as well as current and aspiring seafarers has never been so relevant or needed.

Commenced in April 2021 our strategic regeneration plan is driving our regeneration through to April 2023, building on the outcomes of the 2016–2021 Impact Strategy and embracing three catalysts for change that have been learned and developed during the pandemic:

- **Youth centred:** putting our young people's views and needs at the centre of our thinking and action so that we best equip them for the world ahead.
- **Empowered volunteering:** providing effective and enabling support, encouragement and flexibility to equip our volunteers to maximise their effect.
- **Collaborative working:** a one team approach at all levels enabling us to deliver with speed and agility against our common goals.

As we enter this second year of our regeneration plan, we will continue to adopt these catalysts for change, as well as follow three underlying themes:

- **Developing a new blended approach:** driving digital transformation whilst retaining the value of in-person working, including a hands-on Sea Cadets experience for young people.
- **Becoming totally inclusive:** building on our open culture to drive even greater inclusivity for all and further contributing to the communities in which we operate.
- **Maintaining our maritime focus:** ensuring we continue to serve the maritime sector, with Sea Cadets focussed on the customs and traditions of the Royal Navy.

Our Regeneration Plan seeks to realise these by delivering projects and initiatives under seven strategic Areas of Focus:

1. Youth
2. Volunteers
3. Growth
4. Digital
5. Community
6. Marine Society
7. Enablers

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

For 2021/22 we set a number of clear objectives under each of these Area of Focus, against which we note our progress:

1. Youth

- Regenerating beyond unit training delivery ✓
- Delivering cadet wellbeing and resilience course ✓
- Driving greater cadet voice and careers awareness ✓
- Youth trustees appointed ✓
- Re-establishing an Admiral of the Sea Cadets ✓

2. Volunteers

- Harnessing blended learning and increasing volunteer training ✓
- Streamlining volunteer on-boarding, driving flexible volunteering ✓
- Developing mental health awareness training so volunteers can better support cadets ✓

3. Growth

- Supporting unit regeneration plans as well as opening 20 new junior sections ✓
- Delivering 1,200 outreach opportunities via our 'On the Water' programme ✓
- Introducing a 'twinning' programme for units to benefit from shared learning ✗ Deferred

4. Digital

- Delivering a Learner Management System ✓
- Developing online course payment and expense systems and volunteer on-boarding ✗ Under Way

5. Community

- Developing a framework and resources for stronger community engagement ✗ Deferred

6. Marine Society:

- Delivering up to 20 Government 'Kickstart' placements nationally ✓
- Delivering eight outreach courses through new post-16 provider partnerships ✓
- Providing a careers bridge for cadets seeking to progress into the maritime sector ✓

7. Enablers:

- Developing a diversity & inclusion strategic plan ✓
- Driving fundraising as well as public awareness ✓
- Delivering and developing cadet centres and strengthening other infrastructure ✓

For 2022/23 we plan to:

Youth:

During this year we will be returning to offer the full range of cadet activities, including the new Royal Marines Cadets syllabus, ongoing cadet holiday activity programmes, re-introduction of some international activities (for 2023), further increasing Duke of Edinburgh courses and targeting 30 hours boating (average) per cadet.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Building on our Year One plans we will continue to give more cadets a voice, whilst delivering the 'wellbeing and resilience' course for cadets nationally, as well as providing further practical careers support. We will also develop a strategy to reflect the modern Royal Navy in cadet training and increase engagement opportunities.

Volunteers:

We will support return to full delivery of the Sea Cadet Experience, with many of the 2021/22 initiatives fully embedded and any residual volunteer training backlogs cleared. This will include delivering blended training, introducing more external accreditations, streamlining the volunteer onboarding process, as well as developing flexible volunteering and communications with volunteers.

Growth:

On top of continuing to support the full regeneration of existing units and opening a further 20 Junior sections we will return to at least April 2020 cadet numbers, with sufficient volunteers in place to make this happen. By the end of the year we will also have developed a strategy for future growth, trialling some new approaches, as well as delivered an additional 1,200 outreach opportunities.

Digital:

We will continue to invest in our digital offer with improvements to the Sea Cadets Portal, more volunteer self-service functionality – including online volunteer onboarding, online volunteers expenses, online course payments and full roll-out of the new Volunteer Portal – a case management system for volunteer support and safeguarding, and upgrades to the Marine Society digital systems.

Community:

In addition to active participation of at least 50 Sea Cadets units in Queen's Platinum Jubilee projects, we will also play our part in relevant national and local Queen's Platinum Jubilee celebration activities and issue Platinum Jubilee medals and certificates.

Marine Society:

By the end of Year Two we will have:

- established two maritime apprentice recruitment assessment centres.
- delivered outreach courses to 50 learners (14-19).
- developed three new Learn@Sea upskilling courses.
- established a careers bridge for cadets seeking to progress into the maritime sector.
- further developed our Coming Ashore project.

Enablers:

Year Two will see commencement of construction of a major new boat station in the Midlands, improvements to regional training venue opportunities and completion of a wide-ranging transport review. We will also begin development of shooting hubs, deliver on secured investment in boating equipment, continue to roll out diversity and inclusion plans, develop an environmental strategy, grow fundraising and further develop communications.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Beyond Regeneration:

The world has changed. We have and will learn from the experience and will not go back to exactly who and what we were before the Covid-19 pandemic. We have and will continue to prove to be responsive and innovative.

By 2023:

Sea Cadets will be even stronger and even better at meeting the needs of young people and their communities in a post-pandemic world. We will have harnessed what we have learnt to further develop the offer, our systems and support for our volunteers so that by March 2023 we have even stronger foundations and are impacting the lives of many more young people with all that Sea Cadets has to offer.

Our close partnership with the Royal Navy will continue to be central to Sea Cadets and we will have delivered reflective of the Cadet Forces 2025 strategy for MOD sponsored cadet forces (which includes Sea Cadets). We will also have taken opportunities to work with the government and sector policy and initiatives across the four nations to both better support Sea Cadets and use our expertise to help build better policy responses for children, young people and local communities. This will include seeking to participate in delivery of projects through the Department of Communities, Media and Sport 'Youth Investment Fund' over coming years.

Marine Society will have built services that reflect the needs of current and aspiring maritime workers in a post Covid-19 and increasingly changing and complex sector. We will have expanded our digital maritime learning services, developed a post-16 maritime careers and qualifications programme, as well as 'Coming Ashore' careers support, whilst continuing to develop a scholarships and bursaries offer, crew libraries and specialist book sales.

Together we will have forged even stronger and collaborative working, engaging with our many sponsors, and fully leveraging our resources across the charity for the benefit of cadets, volunteers and seafarers.

Beyond 2023:

Alongside this work we will develop our next long-term strategy from 2023, building on the following themes:

- Youth centred and focussed, engaging and impacting young people
- Empowering and supporting our volunteers
- Continuing to grow
- Driving collaboration, innovation and fully harnessing blended working
- Becoming fully inclusive and contributing to the communities in which we operate
- Developing our maritime learning offer
- Supporting our staff and enabling them to maximise delivery

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

MSSC'S LAMBETH ROAD, LONDON PREMISES

During the year the charity moved into its new National Support Centre, comprising efficient fully fitted offices on the ground and lower ground floors of 200b Lambeth Road London SE1, adjacent to our former headquarters at 202 Lambeth Road. On 09 July 2021 the charity completed a 249 year lease of the new premises at a peppercorn rent at a net premium of £3.764m plus VAT ahead of occupation from early September 2021. The existing MSSC building at 202 Lambeth Road and its associated land remains the property of the charity and is currently being marketed for disposal.

CHARITY OBJECTS

The objects of the Marine Society & Sea Cadets (MSSC), a charity registered in England and Wales 313013 and in Scotland SC037808, are set out in its governing instruments which are based on the Act of Incorporation of 1772, the Charities (Marine Society) Order 1976 No 147 and subsequent Charity Commission schemes, the latest being that dated 22 November 2004. The Objects of the charity are:

- to promote the development of young people in achieving their physical, intellectual and social potential as individuals and as responsible citizens by the provision of education and leisure time activities using a nautical theme
- to advance the education of seafarers in such ways as the Council shall determine but including (at the discretion of the Council) the following:
 - the provision in ships and on shore of a comprehensive library service in any media for the use of seafarers
 - the assistance of persons preparing for or entering upon a maritime career by the provision of training, the payment of fees, maintenance and other expenses and the making of loans
 - the award to seafarers of scholarships, bursaries and maintenance allowances tenable at nautical or other schools or training establishments
 - the making of grants or loans to nautical or other schools or training establishments which are charities or to other organisations established for charitable purposes only which provide facilities for and encourage young persons to become seafarers
- the advancement of the education of the public in maritime matters
- the promotion of scientific or other research of particular benefit to seafarers and the publication of the useful results of such research
- the provision in the interests of the social welfare of seafarers of facilities for recreation and other leisure-time occupation, being facilities which will improve their conditions of life and of which they have need by reason of their social and economic circumstances
- the relief of financial hardship among seafarers and their dependants

"Seafarers" used above is a term defined as:

- persons who have served, are serving, or intend to serve in the Royal Navy, the British Merchant Navy or fishing fleets or any other maritime career
- persons who are serving in the navies, merchant navies or fishing fleets of such other countries as the Council from time to time determines
- Members of the Sea Cadet Corps; and
- any other young persons considering or interested in a maritime career

"Sea Cadet Corps" (SCC) means properly constituted maritime cadet units that conform to the policies of Sea Cadet Regulations established by the charity and that are formally affiliated to it.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

HISTORY

The Marine Society was founded in 1756 by Jonas Hanway, a London-based philanthropist, with the aim of encouraging young men and boys of good character to join the Royal Navy at the start of the Seven Years' War. Incorporated in 1772, the Society commissioned in 1786 the first sea training ship in the world, the 350-ton Sloop *Beatty*, and went on to provide sea training all the way up to the Second World War. It was estimated that over 110,000 men and boys were trained and equipped by the Society over this period.

The Sea Cadet movement dates back to 1856 when sailors returning from the Crimean War started up 'Naval Lads' Brigades' in ports around the country. In 1910 the Navy League sponsored a small number of independent units, which received Admiralty recognition in 1919. In 1937 Lord Nuffield gave £50,000 to fund the re-launch and expansion of the Corps and five years later the Admiralty started to pay for uniforms, equipment, travel and training. In 1976 the Navy League was renamed the Sea Cadet Association. In 1963 the Girls' Naval Training Corps (GNTC), which had been formed in 1942 with objectives similar to those of the Sea Cadet Corps, became a partner organisation of the Sea Cadets, often sharing facilities. In 1980, the GNTC merged with the Sea Cadets, firstly as the Girls Nautical Training Contingent, until becoming fully absorbed in 1992. Girls and women currently make up over a third of all cadets and volunteers.

MSSC was formed in 2004 on the merger of The Marine Society and the Sea Cadet Association (SCA) with the merged organisation retaining the constitution of The Marine Society. The SCA (registered charity number 306141 & company number 404951) is now a subsidiary of MSSC.

PRINCIPAL ACTIVITIES

The activities broadly relate to those of promoting Sea Cadet activity and helping seafarers realise their ambitions.

The charity supports the maritime industry through the provision of Marine Society College activities, by promoting career opportunities into maritime, upskilling seafarers using new technologies, whilst supporting others to transition ashore into maritime-related roles. As an approved Government-funded training provider and Ofsted-rating 'Good', Marine Society will build on its global reputation for supporting seafarers offering advice and guidance, scholarships, bursaries, apprenticeships, a growing range of post-16 to graduate courses as well as delivery of crew libraries and specialist book sales.

The charity acts as the franchisor for Sea Cadet units – local groups are constituted as separately registered charities. The charity sets Sea Cadet regulations, issues guidance and performs inspections to ensure that the highest of standards are maintained. It provides support in many other ways including provision of uniforms, equipment, onshore and offshore training and related travel, business and unit support and Disclosure and Barring Service (DBS) checks. The charity does not have overall control over the day-to-day operation of the individual units.

Sea Cadet units operate across the United Kingdom, with a total as at 01 April 2022 of 13,579 cadets (10,965 in England, 1,046 in Scotland, 682 in Wales, 344 in Northern Ireland and 179 overseas). There are 304 established units in England, 37 in Scotland, 22 in Wales and 11 in Northern Ireland, with a further two in Bermuda and one each in Jersey, Guernsey and Malta. There are also a further six new units (one in Northern Ireland, five in England) and fifteen partnership units (one in Scotland and fourteen in England). The charity maintains six area offices, five based in England and one in Scotland, three national training centres, two in England and one in Scotland, eight boating stations, seven in England and one in Scotland, and an offshore fleet of five vessels, based in England.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

VOLUNTEERS

The charity relies extensively on volunteers to support the delivery of its training and other activities to Sea Cadets, and to serve as unit management team members (trustees) of Sea Cadet units. As at 01 April 2022, there were 4,355 adult instructional volunteers, 1,587 unit management team members and 2,613 other volunteers. In total 8,436 volunteers 7,040 in England, 731 in Scotland, 442 in Wales and 249 in Northern Ireland). We are extremely grateful for the generosity of time, huge commitment and can-do attitude of our volunteers in making the Sea Cadets the success that the organisation is. This has been particularly so over this last year in ensuring Sea Cadets kept going virtually when not able to meet face to face during lockdowns and in getting back up and running as things have eased.

KEY RISKS AND UNCERTAINTIES

The Council is responsible for management of the risks and uncertainties faced by the charity, assisted by senior staff. The Council reviews the Strategic Risk Register every quarter. The Safety, Safeguarding and Risk Committee together with the Policy Development and Nominations Committee and the Financial Investments Audit and Remuneration Committee monitored the charity's key risks throughout the year. This included frequent review throughout the year of the impact of the pandemic upon all aspects of the charity.

The charity's risk register operates at three principal levels; the Strategic Risk Register, the High Operational Risk Register and Departmental Risk Registers. Each risk identified is described, together with its indicators and mitigating factors in place, and its target and current mitigated scores based upon an impact and likelihood matrix. A commentary is also maintained by risks of actions in progress to further reduce the risk score, which may also be increased should risk circumstances change. All risks and their completeness is reviewed and revised by management and reviewed by the relevant committee, overseen by the Safety, Safeguarding and Risk Committee which meets four times a year.

The Council considers the key risks facing the charity to fall within the following areas:

Key risks	Key mitigation controls
Safeguarding children and vulnerable adults	- Formal and periodic review by the Trustees - Formal written policies
Health & Safety	- Formal and periodic review by the Trustees - Formal written policies - Internal audit review of targeted areas
Sufficiency of MOD Grant in Aid funding	- Formal and periodic review by the Trustees - Comprehensive strategic planning, budgeting and management accounting - Hierarchical authorisation and approval levels - External audit
Lack of diversification of funding and support	- Formal and periodic review by the Trustees
Sufficiency of financial reserves	- Formal and periodic review by the Trustees - Comprehensive strategic planning, budgeting and management accounting - Hierarchical authorisation and approval levels - External audit

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Public perception and reputation	- Formal organisational and governance structure and lines of reporting
Stakeholder management, and in particular, key stakeholder support	- Formal and periodic review by the Trustees

The Council is satisfied that key risks identified are adequately managed and these are reviewed by the full Council. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are adequately managed.

The charity continues to respond to the consequences of Covid-19 across a number of risk areas, following the regeneration strategic plan.

FINANCIAL REVIEW

Income

Total income amounted to £19,352K (2021: £14,259K), an increase of over 35% over the previous year and a return to pre-pandemic levels. Donations, legacies and other income have increased £1,211K (56%) including donations for boat station appeals, the sale of artefacts, profit on sale of land, offset by removal of the Coronavirus Job Retention Scheme.

The MOD grant in aid for Sea Cadets increased by 2% to £11,768K. We also received three other grants from the MOD - £2,400K for Arms and Ammunition security, £250K for a pontoon for berthing of our offshore fleet at its home port in Gosport and £20K towards our STEM marine engineering programme in schools.

Sea Cadets training income and offshore fleet income have increased, although they were not yet at pre-pandemic levels, with a full return anticipated for 2022/2023.

MSSC (Trading) Limited income increased from £17K to £35K (still below pre-pandemic levels) and investment income has continued to decline due to continued impact of Covid-19, inflation and the commencement at the end of the financial year of the conflict in Ukraine.

We continue to remain sincerely grateful for the continued support provided by the MOD in helping finance the Sea Cadets and appreciate the agreement of our Grant in Aid for the next two years to March 2024, which is enabling us to plan more effectively.

Expenditure

Total expenditure was £15,808K (2021: £13,841K), an increase of 14.0% on the prior year.

As we returned to some delivery of face to face activity during the year, the cost of safeguarding and supporting Sea Cadet activity and infrastructure increased by £1,738K (27%) and the offshore fleet increased by £243k (13%).

Net income and other movements

Overall, net income before investment gains was up by £3,126K to £3,544K mainly due to the additional grants received from the MOD and a significant grant of £800k from The Royal Naval Volunteer Reserve Officers' Association (RNVR) towards boats and equipment. The £3,226K is broken down to restricted funds £2,767K, Designated funds £623K and Unrestricted funds (£103K).

Investment portfolio gains in the year were £618K.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Balance sheet

Intangibles have decreased by (£168K), with additions for the Finance system, Customer Relationship Management system and Case Management system, offset by depreciation. Tangibles have increased by £3,872K, primary additions for the new National Support Centre, Midlands Boat Station and six new vehicles, offset by depreciation. Investments have increased by investment gain offset by movement in cash.

Cash at bank has increased by £4,119K, mainly due to the additional restricted grants received from the MOD and The Royal Naval Volunteer Reserve Officers' Association (RNVR).

Total debtors have reduced by £5,583K, Prepayments have decreased by (£5,395K) – mainly due to the prepayment for the new building.

Total creditors have decreased by (£1,385K). Deferred income has decreased by (£1,929K) (the MOD grant in aid was paid early in 2020/2021 and the proceeds from the sale of the former Annex site at 202 Lambeth Road were released, offset by training income for 2022/23). Accruals have increased by £360K, including Middle Hill work, Unit Emergency Grants, RMC storage and tenant negotiations.

SAFEGUARDING POLICY

It is the policy of MSSC to safeguard our young people and vulnerable adults from harm, physical, sexual and emotional abuse and neglect by:

- making the health & welfare of young people and vulnerable adults our first priority
- taking into account in all our considerations and activities the interests and wellbeing of young people and vulnerable adults
- respecting the rights, wishes and feelings of the young people and vulnerable adults with whom we are working
- taking all reasonable steps to protect young people and vulnerable adults from harm
- promoting the welfare and protection of young people and vulnerable adults

In 2016 a review of the charity's current safeguarding arrangements was commissioned and undertaken by Barnado's. Their report noted that the charity had clearly made considerable effort and investment in recent years to develop and embed a strong safeguarding culture, and made a number of recommendations for further refinement of the charity's procedures. All the recommendations have been fully implemented.

A further internal review of non-recent safeguarding cases was completed during 2020. This review made a number of recommendations which have been implemented. To further improve case management, during 2021/2022 the charity commenced development of a new combined online system across safeguarding and volunteer support. This is due to go fully live in the first half of 2022/2023.

MSSC also accords the utmost priority to the safety of vulnerable/protected groups, who should be free to work, learn and develop their potential without fear of violence, abuse or exploitation. Within the charity's environment, irrespective of their age, gender, disability, racial origin, religion, belief and sexual orientation, they will be valued and their rights to opportunity, protection and safety fully respected.

FUNDRAISING STANDARDS

Open and accountable

The MSSC works hard to ensure that everyone supporting the charity understands how their money will be used to help launch young people for life today, whatever they want to do after school, and help people who work on the sea to keep learning all their lives. This is reflected in the low levels of negative feedback we receive, and the absence to date in recent years of formal complaints to the charity.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Complaints and negative feedback

Should we receive a complaint, we would respond on a one-to-one basis as quickly as possible, maintaining full records. There has been nothing to report in recent years.

Contacting our supporters and supervising our fundraisers

The charity prides itself on a high standard of ethical fundraising and we continually review how we contact the public to ask for support. This ensures that we follow regulations, meet our own high standards and exceed the public's expectations, including ensuring the charity's compliance with General Data Protection Regulation (GDPR) (EU) 2016/679.

MSSC staff and volunteers carry out the vast majority of the charity's fundraising activities

We did not work with any professional fundraisers and fundraising organisations in 2021/2022. The Trustees are aware of the need to comply with regulations from the Charities (Protection and Social Investment) Act 2016. The MSSC ensures that our approach to commercial participators, professional fundraisers and our contracts with them are in compliance with the regulations.

Protecting our reputation, money and other assets

As a charity, gaining supporters' trust is incredibly important. The MSSC must demonstrate that it is a responsible and worthy recipient of supporters' generous donations. We therefore work hard to ensure that we manage our money and other assets responsibly and do all we can to maintain our good reputation by being transparent and trustworthy.

The MSSC takes its responsibility for managing supporters' donations very seriously and applies rigorous financial controls to ensure funds are securely held and properly accounted for at all times. The MSSC strives to make the supporters' experience simple – making it easy to donate in a way that suits individuals, whether that is online, by post, over the phone or through other means.

Protecting the vulnerable

The MSSC takes its responsibility towards supporters who may be considered to be in vulnerable circumstances very seriously. Our fundraisers are carefully briefed to respond sensitively and appropriately to any individual whom they might consider to be in a vulnerable circumstance.

Compliance with fundraising laws and regulation

Fundraising regulation goes through continuous change. Through membership of industry bodies, subscription to charity sector publications and staff continuing professional development we ensure that our fundraising teams keep up to date with amendments to regulations and professional practice, and their changing responsibilities.

The Trustees are satisfied that MSSC adhered to the appropriate fundraising standards for the year ended 31 March 2022. The charity is a paid-up member of the Fundraising Regulator.

Compliance with recognised standards

Every member of our fundraising team is responsible for making sure that they are compliant with the standards laid out in the Fundraising Regulator's Code of Fundraising Practice. This is carefully monitored by senior management. We are satisfied that we meet all current standards.

No complaints were received about fundraising in the year.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

INVESTMENT POLICY

Investec manage the investment portfolio (excluding properties managed directly by the charity (see Note 12)). KW Investment Management manage the treasury portfolio.

The overall objective of the investment policy is to create sufficient income and capital growth to enable the charity to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the invested funds while they are retained. The overall objective of the treasury policy is to achieve better returns on cash than through bank deposits, primarily using short dated corporate bonds and certificates of deposit issued by the major banks.

MSSC's objective is to achieve, over the medium term, a real total return of at least 4.0% (net of fees and inflation). Both capital and income may be used at any time for the furtherance of the Charity's aims.

The investment portfolio mix is set to fall within the following broad planning ranges:

	Planning range	31 March 2022	31 March 2021
UK Equities	25-45%	31.8%	33.8%
Non-UK Equities	30-50%	43.3%	43.2%
Fixed Interest	7-30%	9.4%	10.0%
Property	0-10%	5.2%	4.8%
Hedge funds	0%	0%	0%
Other	0-10%	5.8%	4.1%
Cash	0-10%	4.5%	4.1%

This does not mean that the investment portfolio can't still be tactically overweight in any asset class from time to time.

The 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.

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.

Investments in Alternative Investment Strategy funds, Derivatives and Hedge Funds are allowed on a limited exposure basis (up to 5% of funds) on a short-term basis (maximum of 5 years).

Treasury holdings should not exceed £1M by counterparty, nor two years' maturity for bank debt.

Ethical considerations

The Trustees would like to invest in a responsible and sustainable way and therefore expect the investment manager to take into account ESG factors when making investment decisions, as well as a carbon aware approach. Investec does this under their Responsible Investment philosophy by screening all companies from an ESG perspective. They are scored on a range of metrics including environmental credentials, business ethics and human rights issues.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Performance

The fund delivered a total return (net-of-fees) of +6.7% (2021: 25.4%) against our real return benchmark of +11.0% (CPI plus 4%) and ARC Sterling Steady Growth Index of +6.3% (2021: 24.0%). Total return over the three-year period to 31 March 2022 was +5.7% (net-of fees) per annum against a benchmark of +7.1% (CPI plus 4% per annum over the period) and ARC Sterling Steady Growth Index +6.7% (net-of-fees) per annum.

¹ The ARC Sterling Steady Growth Index is a composite of charity portfolios exhibiting 60-80% of the volatility of the UK equity market.

The Trustees continue to monitor investment performance and are grateful for the assistance of the investment managers, Investec.

Review of investment managers

A tender exercise for the provision of investment management services to the charity was conducted in 2017, with the assistance of Independent Investment Reviews Ltd. Following a full and fair competition, Investec were re-appointed.

RESERVES POLICY

Total funds at the year-end as detailed in note 17 were £39,488K, (2021: £35,331K), which includes £18,143K (2021: £15,377K) restricted funds and £18,273K (2021: £17,399K) endowment funds. After accounting for intangible and tangible fixed assets of £570K (2021: £570K) and the setting up of designated funds for investments in boat stations, outreach work and other Sea Cadet future projects of £1,460K (2021: £837K), this leaves unrestricted funds, comprising free reserves of £1,041K (2021: £1,148K).

The charity does not retain MOD grant monies as part of its reserves. It remains an aspiration of the charity to increase its free reserves. Using a Risk based approach the reserves target reflects the risk of loss of specific income and the risk of the most significant costs increasing. On the basis of this approach our target will be £2.8 million.

A breakeven budget has again been set in the current year. It is unlikely the charity will be able to meet its reserves targets and instead will have to rely on expendable endowment to act as a reserves buffer. The policy has clear dangers for the charity in the long term so any drawdown that may be made will be kept to an absolute minimum. It is at the complete discretion of Trustees as to the level of support the charity will give to the Sea Cadet movement in the event of shortfalls in public funding.

GRANT MAKING POLICY

Grants awarded in 2021/2022 amounted to £1,546K (2021: £1,464K). Individual Sea Cadet units are separate registered charities and thus financial support is paid via grants. The policy of the charity is to grant monies for one-off items to support the Sea Cadet Corps and individuals (members of the Sea Cadet Corps or seafarers) to help them either facilitate or receive approved training or qualifications. During 2021/2022 this included grants for units towards premises, minibuses, new junior units and emergency needs, bursaries for cadets to take part in activities, uniforms, and grants for equipment and boats to units and unit hubs. In addition, grants are provided to volunteers to allow upkeep or purchase of uniforms on promotion or for wear and tear during the year. Payments are made in accordance with published scales.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

STAFF REMUNERATION POLICY

As a charity, it is important we achieve balance in ensuring value for money, including how we pay our staff, with the need to attract, motivate and retain the right people to ensure we are able to deliver our ambitious plans and so maximise our impact on our beneficiaries. Therefore, our principles are to pay fair salaries that are consistent with our commitment to equality and diversity; that we remain competitive within the industry and geographic location of the role; are appropriate for the level of responsibility; and are in keeping with our charitable status. Headcount is reviewed annually as part of our budgeting process.

Governance of Pay

The Council approves the Pay and Benefits Policy, and the Finance, Investments, Remuneration and Audit Committee is appointed as a committee of the Council to approve pay related matters. The Council delegates to this committee the annual pay review and determining the CEO and senior management team salaries. This committee meets quarterly.

Annual pay review

Salaries are normally reviewed annually in April / May with any pay increases being paid from 1 June. We benchmark salaries to ensure that we are paying appropriately and that we broadly fall within the mid-point for similar organisations. Where we find salaries that are not aligned, we adjust accordingly. There is no obligation to increase salaries, however if it is affordable and we have performed well, then a uniform inflationary increase may be applied. This is awarded to all staff, including senior staff, with the exception of those who are within their probation period or have resigned, or those who have already received an increase that year. A 2% inflationary pay review was implemented in June 2021, which followed a pay freeze the prior year due to the uncertainties of the pandemic.

PUBLIC BENEFIT

The Council members continue to give due regard to the public benefit provided by the charity in relation to its charitable purposes as set out in the activities and achievements outlined in this report and have given due consideration to guidance issued by the Charity Commission on this matter.

The aim of Sea Cadet activities is to give young people the best possible head start in life through nautical adventure and fun, based on the customs and traditions of the Royal Navy. *“Adventure that launches young people for life”*

In order to achieve this, Sea Cadet units take young people from all backgrounds, including where possible those with disabilities and develop their skills and abilities by:

- Inspiring young people through regular and structured activities with a nautical theme
- Encouraging young people to take part in activities connected with the wider Sea Cadet movement, including inshore boating and offshore voyages, as well as events and competitions at District, Area and National levels
- Availability of formal externally recognised educational achievements whilst taking courses to earn badges and promotions

Charges are kept low in order to ensure all those who wish to take part in Sea Cadet activities may do so. Where further financial support is required for those on low incomes, a wide range of bursaries are available.

The aim of the Marine Society is to give aspiring and serving seafarers the best possible lifelong learning opportunities tailored to their individual needs. *“Realising Seafarer Potential”*.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

- Promoting career opportunities into the maritime sector
- As an approved Government-funded training provider with Ofsted-rating 'Good', offering advice and guidance, scholarships, bursaries, apprenticeships and a growing range of post-16 to graduate courses
- Delivering upskilling courses to aspiring and serving seafarers around the world through use of digital learning
- Supporting others to transition ashore into maritime-related roles.
- Providing a ship's library service for seafarers at sea and specialist book sales.

The Council members are thus satisfied that the charity provides substantial public benefit.

ORGANISATIONAL STRUCTURE AND GOVERNANCE

The charity is governed by a board of unpaid non-executive Council members who act as Trustees. Details of the Council Members who served during the year, and as at the date of this report, together with details of the executive management and professional advisors, are shown on pages 52-53.

The Council meets at least quarterly and is supported by members of the senior management team. Responsibility for reviewing key areas of activity is delegated to committees which report back to the Council meetings. The committees, with specific terms of reference, may also include specialist co-opted members as well as Council members to ensure that expert opinion is available. The day-to-day management of the charity and the exercising of executive responsibility are delegated to the CEO and senior management team. Meetings of the Council are also attended by one of our current First Sea Lord Cadets. The current committees and their primary purposes are:

Finance, Investment, Remuneration & Audit Committee

- Oversees the financial affairs of MSSC, including management accounts, budgeting and the preparation of statutory accounts
- Formulates Investment policy and oversees the management of Investment assets
- Oversees and ensures the proper conduct of the internal audit process in accordance with Council requirements
- Oversees the remuneration, terms and conditions and performance review of MSSC's CEO and HQ senior management
- Oversees the appointment and remuneration of the external auditors and receiving reports from them

Policy, Development and Nominations Committee

- Develops and recommends strategy and policy for the optimum use of MSSC resources in order to fulfil its objects in the medium to long term (2 – 10 years)
- Advises Council on major strategic issues, especially those which do not fall within the remit of any other major committee, and for monitoring the implementation of MSSC's strategic plan, keeping it under review, and advising Council on its revision
- Considers and approves guidelines for fundraising and public profile strategies
- Nurtures and develops relationships with external stakeholders (including MOD, Skills Funding Agency (SFA) and public funding bodies) in order to maximise support
- Sets and monitors performance against established targets (KPIs)
- Undertakes a nominations function, in liaison with MSSC Chairman, for appointment to MSSC Council and the Committees

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Safety, Safeguarding & Risk Committee

- Reviews the quality of services and activities undertaken by MSSC (and SCC) to ensure that they are safe (with particular consideration to the need to protect its young people), high quality and appropriately risk assessed
- Ensures the maintenance of an effective system of integrated governance and risk management that supports the achievement of the organisation's objectives

National Sea Cadet Forum

- Composed of Sea Cadets, together with representatives of the MSSC management team. The forum supports the aims and objectives of the SCC, providing ideas and feedback to the MSSC from cadet forums at Area and District levels. In the year, work continued to create further cadet forums at District level to link in to the Area Cadet forum and in turn the National Sea Cadet forum.

National Sea Cadet Advisory Council (NSCAC)

- Primarily composed of representatives and volunteers of the SCC and MSSC management team. The council supports the aims and objectives of SCC and provides advice to its principal national sponsors. The chair of NSCAC is invited to be a Trustee of MSSC for the period of office.

Appointment, induction and training of Council members

Council members (Trustees) are co-opted by the board and elected by the charity's members at the AGM following their appointment according to the provisions of the Society's Scheme. A Council member, who has previously been re-elected at an AGM, is eligible for re-election only with the prior approval of the Council. The Society's Scheme formally provides that one-third (rounded down) of the elected Council members shall retire at each AGM. 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.

The induction process for a new Council member comprises initial meetings with the Chairman and other members of the board, followed by meetings with the CEO and senior management team, through which the individual will be briefed on the remit of the charity and the powers and responsibilities of its Trustees. The charity aims to provide all new Council members with the information necessary to ensure that they are fully equipped to contribute to the organisation within their powers. Council members are informed of current and evolving issues within the sector by the senior management team.

Membership and Branches

The MSSC is a membership organisation and currently enjoys the support of some 600 members who pay an annual subscription to the Charity. MSSC has five (2021: five) branches within the United Kingdom made up of members of the charity who reside within its locality. The annual subscriptions of those living within the catchment area of a branch are returned to the branch committee to be applied for the benefit of local Sea Cadet units and MSSC initiatives. These branches are an active and welcome force in spreading the charity's message at a local level.

THE CHARITY GOVERNANCE CODE

The Trustees have considered the new third edition of the Charity Governance Code for larger charities, published in July 2017 by the charity sector's The Code Steering Group (the Association of Chief Executives of Voluntary Organisations, the Association of Chairs, Small Charities Coalition, the Institute of Chartered Secretaries and Administrators: The Governance Institute, the National Council for Voluntary Organisations and the Wales Council for Voluntary Action). The code is supported and endorsed by the Charity Commission in England and Wales.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

THE CHARITY GOVERNANCE CODE (CONT)

The code lays out principles for seven key areas of governance together with recommended practice for each principle; organisational purpose, leadership, integrity, decision making, risk and control, board effectiveness, diversity, openness and accountability.

The Trustees consider that the charity continues to comply with the principles of the code.

INTERNAL AUDITOR'S REPORT TO THE COUNCIL

A dedicated member of staff was appointed as Internal Auditor to the Charity in April 2015. Previously the function had been fulfilled by a contracted internal audit service provider.

The Internal Auditor reported to the Council in July 2022 as follows:

Based on the work performed during the year, it is the opinion of Internal Audit that MSSC has an adequate and effective framework of governance, risk management and control in place to support the organisation's objectives as laid out in its Vision and Strategy.

Following each audit engagement, actions to address any identified control weaknesses have been agreed with management and progress against these agreed actions is monitored by Internal Audit and reported to the Finance, Investments, Remuneration & Audit (FIRA) Committee on a regular basis. In the opinion of Internal Audit, no control weaknesses have been identified during the year which are of such significance to warrant specific disclosure in the Annual Governance Statement.

STATEMENT OF THE ACCOUNTING OFFICER

The Chief Executive Officer (CEO) as designated Accounting Officer in accordance with the current ten-year Memorandum of Understanding with the MOD dated 13 December 2018, should ensure that MSSC and any subsidiaries to it or organisations sponsored by it, operates in respect of the GIA effectively and to a high standard of probity. The MSSC should in respect of the GIA:

Governance

- Have a governance structure which transmits, delegates, implements and enforces decisions
- Have trustworthy internal controls to safeguard, channel and record resources as intended
- Work cooperatively with partners in the public interest
- Operate with propriety and regularity in all its transactions
- Treat those with whom they deal fairly and honestly
- Offer redress for failure to meet agreed stakeholder standards; and
- Give timely, transparent and realistic accounts of the MSSC

Decision-making

- Provide the Ministry of Defence (MOD) with clear, well-reasoned and timely information in accordance with the Memorandum of Understanding
- Make all its decisions in line with the strategy, aims and objectives of the charity
- Take a balanced view of the MSSC's approach to managing opportunity and risk

Financial management

- Comply with Public Sector Internal Audit Standards (PSIAS) in order that the Principal Accounting Officer may receive an annual assurance on risk management, governance and control
- Use its resources efficiently, economically and effectively, avoiding waste and extravagance

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2022

Financial management (cont)

- Plan to use its resources on an affordable and sustainable path, with agreed limits
- Carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and seeking good value for money
- Use, where possible, management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments
- Avoid over defining detail and imposing undue compliance costs, either internally or on the charity's stakeholders and other with whom it deals
- Have practical documented arrangements for working in partnership with other organisations, as appropriate
- Use internal and external audit to improve its internal controls and performance

In order for the Chief Executive Officer to provide assurance on the above matters the following measures are in place:

- Delegated authorities are formally agreed by the Council under Financial Standing Orders. Part of these require CEO authorisation of all expenditure over £10,000 with three comparable quotations and a business plan required in respect of new projects with a value in excess of £10,000
- All payments are made from a single bank account or from approved centrally managed credit and debit cards
- An internal audit function performs regular reviews, following a three-year audit plan based on the risk profile of the charity

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Council as Trustees are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations. Charity law requires the Council to prepare financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under charity law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming resources for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgments 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 presume that the charity will continue to operate.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2022**

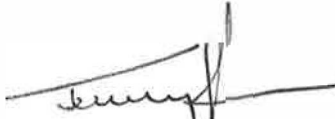
AUDITORS

A resolution to reappoint Mazars LLP will be tabled at the Annual Court.

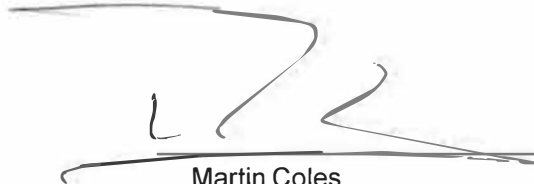
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

On behalf of the Board



Jeremy Penn
Council Member and Chairman



Martin Coles
Chief Executive Officer
& Grant in Aid Accounting Officer

20 July 2022

20 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinion

We have audited the financial statements of The Marine Society & Sea Cadets ('the parent charity') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Council, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

YEAR ENDED 31 MARCH 2022

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Council.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 22, the Trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its sector, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

YEAR ENDED 31 MARCH 2022

- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Charities Act 2011 and the Charities Statement of Recommended Practice.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 24 August 2022

Mazars LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted	Restricted	Endowment	2022	2021
		Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations, legacies and other income	2	1,218	2,135	-	3,353	2,142
Charitable activities	3					
MOD grant in aid (for Sea Cadet activity)		-	14,438	-	14,438	11,111
Seafarer education and support		583	71	-	653	271
Sea Cadet Corps training		285	-	-	285	85
Offshore fleet income		143	-	-	143	8
		1,011	14,509	-	15,520	11,475
Other trading activities						
MSSC (Trading) Limited	8	40	-	-	40	17
Investments	4	417	23	-	440	625
TOTAL INCOME		2,685	16,667	-	19,352	14,259
EXPENDITURE ON:						
Raising funds						
Investment management Costs		71	-	-	71	48
MSSC (Trading) Limited		7	-	-	7	8
Donations and legacies ¹		479	-	-	479	290
		557	-	-	557	346
NET INCOME AVAILABLE FOR CHARITABLE ACTIVITIES		2,129	16,667	-	18,796	13,913

The notes on pages 32 to 51 form an integral part of these accounts

¹ Donations and legacies includes unrestricted costs of raising both unrestricted and restricted income.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted	Designated	Restricted	Endowment	2022	2021
		Funds £'000	Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
Charitable activities							
Safeguarding and supporting Sea Cadet activity and infrastructure		326	-	7,772	-	8,098	6,360
Sea Cadet Corps training		205	-	3,388	-	3,593	4,046
Offshore fleet		88	-	2,055	-	2,143	1,900
Professional seafarer education and support		715	-	210	-	925	714
Promoting the Marine Society & Sea Cadets		18	-	474	-	492	475
Total charitable activity costs		1,352	-	13,899	-	15,252	13,495
TOTAL EXPENDITURE	5	1,909	-	13,899	-	15,808	13,841
NET INCOME BEFORE INVESTMENT GAINS		776	-	2,767	-	3,544	418
Net gains on investments	12	-	-	-	618	618	2,363
NET INCOME		776	-	2,767	618	4,161	2,781
Transfers between funds	18	(879)	623	-	256	-	-
NET MOVEMENT IN FUNDS		(103)	623	2,767	874	4,161	2,781
TOTAL FUNDS 1 APRIL 2021		1,713	837	15,377	17,399	35,326	32,550
TOTAL FUNDS 31 MARCH 2022	18	1,610	1,460	18,144	18,273	39,487	35,331

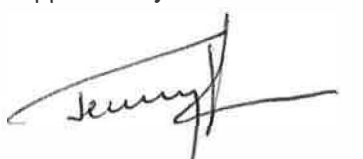
All amounts relate to continuing activities.

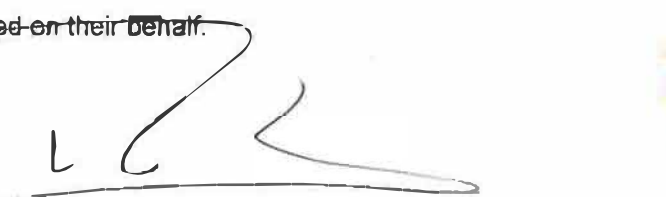
The notes on pages 32 to 51 form an integral part of these accounts

CONSOLIDATED BALANCE SHEET
31 MARCH 2022

			2022	2021
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		661	829
Tangible assets	11		13,116	9,244
Investments	12		20,081	19,495
			33,858	29,568
CURRENT ASSETS				
Stocks		574		628
Debtors	13	497		6,080
Cash at bank and in hand		9,110		4,991
		10,181		11,699
CREDITORS				
Amounts falling due within one year	14	(4,551)		(5,936)
NET CURRENT ASSETS (LIABILITIES)			5,630	5,763
NET ASSETS			39,488	35,331
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		570
Other		1,041		1,148
		1,611		1,718
Designated funds	17	1,460		837
Restricted funds	15			
Fixed assets		9,529		9,503
Other		8,614		5,874
		18,143		15,377
Endowment funds	16		18,273	17,399
	18		39,488	35,331

Approved by the Trustees on 20 July 2022 and signed on their behalf.


 Jeremy Penn
 Council Member & Chairman

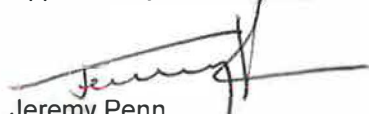

 Martin Coles CBE
 Chief Executive Officer & Grant in Aid Accounting
 Officer

The notes on pages 32 to 51 form an integral part of these accounts

CHARITY BALANCE SHEET
31 MARCH 2022

			2022	2021
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		661	829
Tangible assets	11		13,116	9,244
Investments	12		20,086	19,500
			33,863	29,573
CURRENT ASSETS				
Stocks		574		628
Debtors	13	503		6,090
Cash at bank and in hand		9,070		4,969
		10,147		11,687
CREDITORS				
Amounts falling due within one year	14	(4,550)		(5,934)
NET CURRENT ASSETS (LIABILITIES)			5,597	5,753
NET ASSETS			39,460	35,326
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		570
Other		1,013		1,143
		1,583		1,713
Designated funds	17	1,460		837
Restricted funds	15			
Fixed assets		9,529		9,503
Other		8,614		5,874
		18,143		15,377
Endowment funds	16		18,273	17,399
	18		39,460	35,326

Approved by the Trustees on 20 July 2022 and signed on their behalf:


Jeremy Penn
Council Member & Chairman


Martin Coles CBE
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 32 to 51 form an integral part of these accounts

**CONSOLIDATED STATEMENT OF CASH FLOWS BALANCE SHEET
YEAR ENDED 31 MARCH 2022**

	Notes	2022	2021
		£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by/(used by) operating activities	(a)	8,272	(941)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	4	0	1
Investment income	4	440	624
Purchase of fixed assets	11	(4,631)	(393)
Proceeds from sale of fixed assets		6	5
Purchase of investments	12	(6,453)	(9,483)
Proceeds from sale of investments	12	6,485	14,444
Net cash generated by investing activities		4,153	5,198
INCREASE IN CASH AT BANK AND IN HAND IN THE YEAR		4,119	4,257
CASH AT BANK AND IN HAND 1 APRIL 2021		4,991	734
CASH AT BANK AND IN HAND 31 MARCH 2022		9,110	4,991

NOTES TO CASH FLOW STATEMENT

		2022	2021
		£'000	£'000
(a) Reconciliation of net income to Net cash flows from operating activities			
Net income		4,161	2,781
Depreciation	10 & 11	1,184	988
(Gains) on investments	12	(618)	(2,363)
Loss on the sale of tangible fixed assets		(268)	(5)
Decrease/(Increase) in stocks		54	(59)
Decrease/(Increase) in debtors		5,583	(3,766)
(Decrease)/Increase in creditors		(1,385)	2,108
Interest received and investment income	4	(440)	(625)
Net cash provided by/ (used by) operating activities		8,272	(941)

The notes on pages 32 to 51 form an integral part of these accounts

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

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 Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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 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 results of the charity and its subsidiaries are consolidated on a line by line basis after intercompany transactions and balances have been eliminated.

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.

Whilst one of the main charitable purposes of the Fund is to support the activities of Sea Cadets and seafarers, the level of this necessary expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Group's working capital and capital expenditure requirements. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

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.

Legacies are recognised at the earlier of receipt, completion of estate accounts or notification by the executors of an estate of a distribution.

Income received from the sale of goods and service is recognised in the year the sale occurs or the good is provided. Income from training, events and offshore activities is recognised in the year the activity or event is delivered.

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (CONTINUED)

c) Expenditure

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

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 on the basis of headcount (see note 9). Irrecoverable VAT is included in support costs as an overhead cost.
- 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) Definition of liquid resources

Liquid resources included on the cash flow statement are those held as cash at bank and in hand.

f) 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. The charity also makes contributions to a multi-employer defined benefit scheme in respect of former employees. These amounts are also written off as incurred together with any known commitments to fund the deficit of the scheme, where they relate to past service.

g) Intangible and tangible fixed assets

Capital items with a value over £5,000 are treated as fixed assets. Depreciation / amortisation is provided on all fixed assets to write off the cost of these assets over their expected useful life. The following straight line depreciation rates have been used:

Freehold buildings	1.66%	Boats and dinghies	10%
Freehold improvements	10%	Motor vehicles	25%
Leasehold improvements	Lease term	Furniture, Fixtures & Fittings	20%
Training ships and yachts	5%	Computers & software	25%

h) 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. The Trustees review the valuation of property investments for impairment every year and revalue the investments on a market basis at least every five years.

i) Stocks

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

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (CONTINUED)

j) **Endowment and Restricted Funds**

Restricted funds represent gifts or grants, which can only be applied for a purpose specified by the donor or grantor. All monies received from the MOD are treated as restricted funds. These amounts are carried forward as deferred income where there is a restriction on when monies can be spent.

Designated funds for investments in boat stations, outreach work and other Sea Cadet future projects have been set up.

Endowment funds are classified as either permanent - 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. Alternatively, they may be expendable if they relate to those that were given where the intention was clearly for the donation to be held for the longer term but where the funds are ultimately expendable.

k) **Heritage assets**

The charity has received donations of various naval and maritime paintings and artefacts over its 265-year history. A number of these are housed at the National Maritime Museum in Greenwich. These assets are retained for their historical and cultural significance in relation to the work of the charity, which illustrate and show the unique service the charity has given to the nation. The assets are not held on the balance sheet as they were either donated or have long since been written off, and are not held for their financial value, however the assets were valued for insurance purposes during the financial year, with a total valuation of £617K.

It is not the policy of the charity to obtain further artefacts but to preserve those of heritage significance that it owns, which it does with the help of the National Maritime Museum. Alongside the planned relocation of the national offices of the charity, the Trustees reviewed the artefacts held and determined those that should be held for posterity, those that should be gifted to relevant museums and those to be sold. Effecting this is ongoing. No material artefacts have been acquired in the last five years.

l) **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 assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors, and accrued income. Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals. Income arising from financial assets, comprising bank interest is recognised within income and expenditure.

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. Investments in subsidiaries are held at cost less impairment.

m) **Post balance sheet event**

On the 14th July 2022 we exchanged contracts on the sale of 202 Lambeth Road, including the Gatehouse. This is sale by way of a 200 year lease at £6.35m to complete by 30 September 2022, with the purchaser able to withdraw up to 31 August in the absence of satisfactory planning consent.

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

2. DONATIONS, LEGACIES AND OTHER INCOME

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
2021/22 analysis of income				
Donations and subscriptions	149	-	-	149
Legacies	45	-	-	45
Other Major Grants ¹	-	1,098	-	1,098
Boat station appeals ²	-	346	-	346
Bursaries	-	10	-	10
Other restricted funds ³	-	415	-	415
Coronavirus job retention scheme	1	-	-	1
Areas, Branches and Other Income	1,023	266	-	1,289
	<u>1,218</u>	<u>2,135</u>	<u>-</u>	<u>3,353</u>
2020/21 analysis of income				
Donations and subscriptions	48	-	-	48
Legacies	2	-	-	2
Other Major Grants ¹	-	1,100	-	1,100
Boat Station Appeals	-	25	-	25
Bursaries ²	-	67	-	67
Other restricted funds ⁴	-	261	-	261
Coronavirus job retention scheme	355	-	-	355
Areas, Branches and Other Income	159	125	-	284
	<u>564</u>	<u>1,578</u>	<u>-</u>	<u>2,142</u>

Other Major Grants ¹

Includes grants from Royal Naval Volunteer Reserve Officers' Association (RNVR) (for boats and equipment), Seafarers' UK, Trinity House Maritime Charity and the Combined Cadet Forces

Boat Station Appeals ²

Include major donations from the Garfield Weston, C Bell and the Swire Charitable Trust.

Other Restricted Funds³

Include major donations from Stelios Philanthropy, International Foundation for Aids to Navigation (IFAN), International Transport Workers Federation (ITF) Seafarers Trust, Gosling Foundation, Capita plc, Association of Sail Training Organisations and Shipwrights and Michael Uren Foundation

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2022	2022	2022	<i>2021</i>	<i>2021</i>	<i>2021</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
MOD grant in aid (for Sea Cadet activity)	-	14,438	14,438	-	11,111	11,111
Seafarer education and support	583	71	654	123	148	271
Sea Cadet Corps training	285	-	285	85	-	85
Offshore fleet income	143	-	143	8	-	8
	1,011	14,509	15,520	<i>216</i>	<i>11,259</i>	<i>11,475</i>

In addition to the MOD grant in aid (for Sea Cadet activity), the charity receives significant support in kind from the MOD. Eleven Royal Navy personnel are provided on loan, at an estimated value to the charity of £700K. Six area offices, three Sea Cadet training centres, Sea Cadet stores, the offshore offices and berthing facilities are also provided at MOD premises, together with ad hoc use of MOD training estate. Fuel for the offshore vessels from Royal Navy sources, some uniforms and various specialist stores items are also provided by the Royal Navy.

The Trustees have considered the very significant difficulties in undertaking a valuation of this support in kind, including whether a reliable, objective valuation would be possible, and the very significant costs which would be involved. They have concluded that the costs involved in undertaking the valuation would not be justified by the benefits to the users of the accounts in terms of their better understanding of the resources available to the charity and to the charity itself from having this financial information.

4. INVESTMENTS

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2022	2022	2022	<i>2021</i>	<i>2021</i>	<i>2021</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment income (excluding Rental income)	276	23	299	343	20	363
Rental income	141	-	141	261	-	261
Bank interest	-	-	-	-	1	1
	417	23	440	<i>604</i>	<i>21</i>	<i>625</i>

NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022

5. ANALYSIS OF EXPENDITURE

	Unrestricted 2022	Restricted 2022	Total 2022	<i>Unrestricted 2021</i>	<i>Restricted 2021</i>	<i>Total 2021</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment management fees	71	-	71	48	-	48
Fundraising MSSC (Trading) Limited	479	-	479	290	-	290
Safeguarding and supporting Sea Cadet activity and infrastructure	7	-	7	8	-	8
Sea Cadet Corps training	326	7,772	8,098	12	6,348	6,360
Offshore fleet	205	3,388	3,593	4	4,042	4,046
Professional seafarer education and support	88	2,055	2,143	1	1,899	1,900
Promoting Sea Cadet activity	715	210	925	335	379	714
	18	474	492	1	474	475
	1,909	13,899	15,808	699	13,142	13,841

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2021/22 analysis of costs					
Investment management fees	-	-	71	-	71
Fundraising MSSC (Trading) Limited	-	326	104	48	479
Safeguarding and supporting Sea Cadet activity and infrastructure	-	-	7	-	7
Sea Cadet Corps training	815	3,352	2,414	1,518	8,098
Offshore fleet	11	1,248	1,366	968	3,593
Professional seafarer education and support	50	713	964	417	2,143
Promoting Sea Cadet activity	27	304	510	85	925
	-	154	254	84	492
	903	6,097	5,683	3,119	15,808

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

5. ANALYSIS OF EXPENDITURE (CONTINUED)

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2020/21 analysis of costs					
Investment management fees	-	-	48	-	48
Fundraising	-	179	57	54	290
MSSC (Trading) Limited	-	-	8	-	8
Safeguarding and supporting Sea Cadet activity and infrastructure	660	3,186	1,309	1,228	6,383
Sea Cadet Corps training	203	1,524	1,525	783	4,035
Offshore fleet	291	659	603	338	1,891
Professional seafarer education and support	59	265	296	94	714
Promoting Sea Cadet activity	-	169	236	67	472
	<u>1,213</u>	<u>5,982</u>	<u>4,082</u>	<u>2,564</u>	<u>13,841</u>

Other costs include all direct expenditure in relation to areas, branches, onshore and offshore activities.

6. GRANTS PAYABLE

Grants payable were as follows:

	2022 £'000	2021 £'000
Grants to institutions	879	878
Grants to individuals	667	586
	<u>1,546</u>	<u>1,464</u>

Individual grants given are small and not material within the overall total.

Grants to institutions comprise grants made to Sea Cadet units to reimburse expenditure towards premises, minibuses, junior units and emergency needs. It also includes the provision of boats and equipment to units and unit hubs.

Grants to individuals comprise grants to Sea Cadet volunteers for uniforms and bursaries for cadets to take part in activities.

Support costs in relation to grants payable are included within note 7 below.

Grants payable at the year-end are included with creditors (see note 14).

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

7. SUPPORT COSTS

The support costs of the charity consist of four elements: Management, Finance & Digital, Premises, and Human Resources. These costs have been apportioned across the work of the charity on the basis of staff numbers in each functional area. The apportioned costs are set out below:

					2022	2021
	Manage- ment	Finance and Digital	Premises	Human Resour- ces	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising	4	14	19	11	48	54
Safeguarding and supporting Sea Cadet activity and Infrastructure Sea Cadet Corps training	93	746	425	254	1,518	1,228
Offshore fleet	59	476	271	162	968	783
Professional seafarer education and support	26	204	117	70	417	338
Promoting Sea Cadet activity	7	26	33	19	85	94
	5	42	23	14	84	67
2022	195	1,507	888	529	3,119	2,564
2021	196	1,364	569	435	2,564	

Included within Support costs are salary costs of £1,232K (2021: £1,227K).

Irrecoverable VAT costs included within Support costs amounted to £140K (2021: £451K).

Total Governance costs included in Support were £162K (2021: £156K). These included auditors' fees for external audit £24K (2021: £18K) and tax advice £4K (2021: £nil).

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

8. SUBSIDIARY ORGANISATIONS

The Sea Cadet Association is a charitable company registered in England and Wales (company number Number 404951 and Charity Number 306141). The charity was dormant in the current year and both net income and net assets/funds for the year were £nil (2021: net income and net assets/funds: £nil). The organisation is retained as it is counterparty to a number of leases held by Sea Cadet units and also acts as a vehicle for the receipt of occasional legacies.

MSSC (Trading) Limited is registered in England with company number 9476222. The charity has a £5K (2021: £5K) investment in MSSC (Trading) Limited (note 12), representing 100% of the issued share capital of that company. The results of the company for the year and its balance sheet at the year end were as below. The company made a charitable donation in the year of £5K (2021: £35k) to the charity. The company anticipates making a charitable donation to the charity of £28K in 2022/23 based on profits earned in 2021/22. Year-end net assets stand at £33K (2021: £10K).

	2022 £'000	2021 £'000
Turnover	35	17
Other operating charges	(7)	(12)
Profit on Ordinary Activities before taxation	28	5
Taxation	-	-
Profit on Ordinary Activities after taxation	28	5
Retained profit at 1 April 2020	5	35
Charitable donation to the Marine Society & Sea Cadets	(5)	(35)
Retained profit at 31 March 2022	28	5
	2022 £'000	2021 £'000
Current Assets		
Debtors	14	1
Cash at bank and in hand	40	22
	54	23
Creditors		
Amounts falling due within one year	(21)	(13)
Net Current Assets	33	10
Net Assets	33	10
Capital and Reserves		
Called up share capital	5	5
Profit and loss account	28	5
	33	10

NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022

9. STAFF COSTS	2022 £'000	2021 £'000
Wages and salaries	6,254	6,121
Social security costs	555	567
Pension fund contributions	419	402
Health insurance	102	120
	7,329	7,210

The average head count was 186 staff (2021: 217) and the average full time equivalent numbers of employees were as follows:

	2022	2021
Fundraising	5	4
Supporting Sea Cadet activity and infrastructure	84	91
Sea Cadet training	61	58
Offshore fleet	22	25
Promoting Sea Cadet activity	4	5
Seafarer education and support	7	7
	183	190

Included within staff costs are £1,232K (2021: £1,227K) support costs

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the six (2021: seven) Directors in post (senior management team) listed under Executive Management on page 52. Their total remuneration, (including those not in post at the year-end), including social security costs and pension contributions was £651K (2021: £721K). The Trustees did not receive any remuneration from the charity during the year but were reimbursed for some travel costs, where they chose to claim. Two (2021: nil) Trustees claimed travelling expenses totalling £0.7K (2021: £nilK).

Seven employees earned over £60K (2021: eight). Bandings, inclusive of allowances (where payable) were:

	2022	2021
£60K - £70K	2	3
£70K - £80K	3	3
£80K - £90K	1	1
£90K - £100K	-	-
£110K - £120K	*1	*1

* These figures include pension allowances paid to one individual (2021: one) in lieu of employer pension contributions that would otherwise be payable but not shown within remuneration.

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

10. INTANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Computers & software	Total
	£'000	£'000
COST		
At 1 April 2021	1,541	1,541
Additions in period	85	85
Disposals in period	-	-
At 31 March 2022	1,626	1,626
AMORTISATION		
At 1 April 2021	712	712
Provision in period	255	255
Disposals in period	(2)	(2)
At 31 March 2022	965	965
Net book value		
At 31 March 2022	661	661
<i>Net book value</i>		
<i>At 31 March 2021</i>	829	829

Above includes £47K (2021: £100K) in respect of assets under construction.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022

11. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Freehold building	Building improve- ments	Ships & boats	Furniture & fittings	Motor vehicles	Computers	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST							
At 1 April 2021	718	4,183	10,700	330	391	82	16,404
Additions in period		4,631		24	114	33	4,802
Disposals in period	(1)		(3)		(16)		(20)
At 31 March 2022	717	8,814	10,697	354	489	115	21,186
DEPRECIATION							
At 1 April 2021	604	1,361	4,470	310	359	56	7,160
Provision in period	12	271	589	8	42	9	929
Disposals in period		1	(5)	1	(15)	(1)	(19)
At 31 March 2022	615	1,632	5,054	319	387	64	8,071
Net book value At 31 March 2022	102	7,182	5,643	36	103	51	13,116
<i>Net book value At 31 March 2021</i>	<i>114</i>	<i>2,822</i>	<i>6,230</i>	<i>20</i>	<i>32</i>	<i>26</i>	<i>9,244</i>

Building improvements include assets under construction £204K (2021: £178K).

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

12. INVESTMENTS GROUP INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Total £'000
Fair value at 1 April 2021	<u>17,746</u>	<u>1,200</u>	<u>549</u>	<u>19,495</u>
Additions at cost	6,367			6,367
Disposal proceeds	(6,485)			(6,485)
Movement in Cash	-		86	86
Gain for the year	618		-	618
Fair value at 31 March 2022	<u>18,247</u>	<u>1,200</u>	<u>634</u>	<u>20,081</u>

CHARITY INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Subsidiary £'000	Total £'000
Fair value at 1 April 2021	<u>17,746</u>	<u>1,200</u>	<u>549</u>	<u>5</u>	<u>19,500</u>
Additions at cost	6,367				6,367
Disposal proceeds	(6,485)				(6,485)
Movement in Cash	-		86		86
Gain for the year	618		-		618
Fair value at 31 March 2022	<u>18,247</u>	<u>1,200</u>	<u>634</u>	<u>5</u>	<u>20,086</u>

All investments are held in the UK. There are three single investments in excess of 5% of the portfolio, Vanguard Funds Plc S&P 500 (5.8%), Barclays 2.375% 2023 Gilts (5.2%) and Société Générale 0.315% (5.1%). £5,960K was directly in overseas' equities. The subsidiary investment is in MSSC (Trading) Limited, note 8. The cost of the Investment Portfolio including cash was £14,718K (2021: £14,681k).

Fund analysis of gains and (losses):

	2022 £'000	2021 £'000
Endowment (note 16)	<u>618</u>	<u>2,363</u>
Total gains (losses)	<u>618</u>	<u>2,363</u>

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

13. DEBTORS

	Group 2022	<i>Group 2021</i>	Charity 2022	<i>Charity 2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	286	<i>85</i>	273	<i>85</i>
Amounts due from MSSC (Trading) Ltd	-	<i>-</i>	19	<i>10</i>
Loans	1	<i>20</i>	1	<i>20</i>
Other taxation and social security	-	<i>61</i>	-	<i>61</i>
Other debtors	2	<i>245</i>	2	<i>245</i>
Prepayments	159	<i>5,554</i>	159	<i>5,554</i>
Accrued income	50	<i>115</i>	50	<i>115</i>
	497	<i>6,080</i>	503	<i>6,090</i>

14. CREDITORS: Amounts falling due within one year

	Group 2022	<i>Group 2021</i>	Charity 2022	<i>Charity 2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	396	<i>432</i>	396	<i>432</i>
Amount due to Slater	60	<i>-</i>	60	<i>-</i>
Other taxation and social security	490	<i>257</i>	490	<i>257</i>
Grants payable	1,167	<i>1,423</i>	1,167	<i>1,423</i>
Other creditors	597	<i>414</i>	597	<i>412</i>
Accruals	1,428	<i>1,068</i>	1,428	<i>1,068</i>
Deferred income	413	<i>2,342</i>	412	<i>2,342</i>
	4,551	<i>5,936</i>	4,550	<i>5,934</i>

£407K (2021: £333K) of Grants payable at 1 April 2022 were paid in the year, and £366K (2021: £978K) of further grants were provided during the year to 31 March 2022. Payment of grants made is mostly conditional on the balance of funding for property projects being raised by the grant recipient. £275K (2021: £208k) of accruals and £39K (2021: £844k) of deferred income balances at 1 April 2021 are included in creditors at 31 March 2022. These should be released in 2022/23.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022

15. RESTRICTED FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance 1 April 2021	Movement of funds			Transfer	Balance 31 March 2022
			Income	Expend- -iture	Income/ interest		
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	The Sea Cadet Corps	-	14,018	(11,327)	-	-	2,692
Various	Offshore ships and boats	6,299	247	(691)	7	-	5,861
Various	Sea Cadet training	1,328	1,354	(512)	10	-	2,180
Various	Cadet expansion Programme	4,510	-	(169)	-	-	4,340
Various	Sea Cadet unit grants	1,573	523	(601)	-	-	1,496
Various	Area Sea Cadet Training	945	266	(308)	5	-	906
Various	Seafarer training	261	190	(210)	-	-	242
Various	Bursaries	298	45	(81)	-	-	262
Corbyn Memorial Fund	Other	50	-	-	-	-	50
Thomas Gray Memorial Trust	Maritime Science and Technology	39	-	-	1	-	40
Various	Other	74	-	-	-	-	74
		15,377	16,643	(13,899)	23	-	18,142

(continued)

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

15. RESTRICTED FUNDS (GROUP AND CHARITY) (2020/21)

Donor	Purpose	Balance 1 April 2020	Movement of funds			Transfer	Balance 31 March 2021
			Income	Expend- iture	Income/ interest		
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	The Sea Cadet Corps	-	11,111	(11,028)	-	(83)	-
Various	Offshore ships and boats	6,793	1	(495)	-	-	6,299
Various	Sea Cadet training	1,382	367	(421)	-	-	1,328
Various	Cadet expansion Programme	4,585	-	(76)	1	-	4,510
Various	Sea Cadet unit grants	1,313	790	(530)	-	-	1,573
Various	Area Sea Cadet Training	927	157	(148)	9	-	945
Various	Seafarer training	263	375	(379)	2	-	261
Various	Bursaries	325	36	(65)	2	-	298
Corbyn Memorial Fund	Other	45	-	-	5		50
Thomas Gray Memorial Trust	Maritime Science and Technology	37	-	-	2		39
Various	Other	74	-	-	-		74
		15,744	12,837	(13,142)	21	(83)	15,377

NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022

16. ENDOWMENT FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance 1 April 2021 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2022 £'000
Corbyn Memorial Fund	Grants and payments for maritime professionals	229	8	-	237
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	110	4	-	114
Destitute Sailors Fund	Assisting distressed merchant seamen	68	3	-	71
Various	Providing subsidised berths and awards to Sea Cadets	539	19	-	558
Expendable Endowed Funds	Held for general purposes	16,453	584	256	17,294
		17,399	618	256	18,273

Donor	Purpose	Balance 1 April 2020 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2021 £'000
Corbyn Memorial Fund	Grants and payments for maritime professionals	203	26	-	229
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	97	13	-	110
Destitute Sailors Fund	Assisting distressed merchant seamen	60	8	-	68
Various	Providing subsidised berths and awards to Sea Cadets	478	61	-	539
Expendable Endowed Funds	Held for general purposes	14,198	2,255	-	16,453
		15,036	2,363	-	17,399

(continued)

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

17. DESIGNATED FUNDS

Fund	Balance 1 April 2021 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2022 £'000
Cadet Outreach	83	-	-	83
Boat stations	754	-	250	1,004
SC future projects		-	373	373
	<u>837</u>	<u>-</u>	<u>623</u>	<u>1,460</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP

	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2022				
Restricted funds	12,951	-	5,192	18,143
Endowment funds	256	18,017	-	18,273
Designated funds	-	1,460	-	1,460
Unrestricted funds	570	604	437	1,611
Total	<u>13,776</u>	<u>20,081</u>	<u>5,630</u>	<u>39,488</u>
2021				
Restricted funds	9,503	-	5,874	15,377
Endowment funds	-	17,399	-	17,399
Unrestricted funds	-	-	837	837
	570	2,106	(958)	1,718
Total	<u>10,073</u>	<u>19,505</u>	<u>5,753</u>	<u>35,331</u>

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

CHARITY

	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2022				
Restricted funds	12,951	-	5,192	18,143
Endowment funds	256	18,017	-	18,273
Designated funds	-	1,460	-	1,460
Unrestricted funds	570	609	404	1,583
Total	13,777	20,086	5,596	39,460

	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2021				
Restricted funds	9,503	-	5,874	15,377
Endowment funds	-	17,399	-	17,399
Designated funds	-	-	837	837
Unrestricted funds	570	2,101	(958)	1,713
Total	10,073	19,500	5,753	35,326

19. TAXATION

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

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2022

20. PENSION SCHEMES (GROUP AND CHARITY)

A number of former employees of the former Marine Society and of the Sea Cadet Association are members of the Merchant Navy Officers Pension Fund - MNOFP (New Section). The fund is active, though closed to future accrual on 31 March 2016. However, the MSSC continues to have a share of the net deficit in the fund.

The triennial valuation as at 31 March 2021 valued assets in the scheme at £3,250M and the liabilities at £3,192M giving a rise to a scheme wide surplus of £58M. As at the date of the 2021 valuation no deficit contributions were required.

All current employees are members of a contract based defined contribution scheme. £419K (2021: £400K) was paid by the charity during the year of which £52K (2021: £34K) was outstanding at the year end and included in creditors.

21. RELATED PARTY TRANSACTIONS (CHARITY)

The Chief Executive Officer is an ex officio trustee/director of the Royal Albert Dock Trust and (up to 23 June 2021) also of Youth United Foundation (YUF). During the year, the charity received grant income totalling £nil (2021: £nilk) and rental income from YUF of £7K (2021: £13K). £2K (2021: £2K) outstanding at the year end has been received since the year end. During the year, the charity paid rent to the Royal Albert Dock Trust's London Regatta Centre totalling £27K (2021: £18K). No amounts were outstanding to the charity at 31 March 2022.

Three of the Trustees of the charity are trustees of Trinity House Maritime Charity. During the year the charity received a grant of £110K (2021: £130K) from the Trinity House Maritime Charity. No amounts were outstanding to the charity at the year end.

One of the Trustees was appointed Chairman of IFAN maritime in November 2019. They support MSSC on various educational projects, during the year the charity received a grant of £60K (2021: £70k).

One of the Trustees is an Associate Member of Stelios Philanthropic Foundation who has supported Sea Cadets projects with a grant of £71k (2021: £90k).

Three Trustees, the Chief Executive Officer are members of the Company of Shipwrights who have funded £13k for bursaries (2021: £14k).

One of the Trustees is a Fellow of the Nautical Institute who rent office space in London amounting to £64k in 2021/22.

The charity was paid £4K (2021: £4K) for management and accounting services from its subsidiary undertaking MSSC (Trading) Limited (note 8). A charitable donation amounting to £5K (2021: £35k) was received from the subsidiary. The charity anticipates receiving a charitable donation from the subsidiary of £14K in 2022/23 based on profits earned by the company in 2021/22. At the year end, the charity was owed £19K (2021: £10K) to the subsidiary and this amount is included in charity debtors.

One Trustee of the charity, Simon Figgis, and two employees, Jenny Howard and Paul Wilkinson, are directors of MSSC (Trading) Limited. Two Trustees, Robert Woods CBE and Louise Bennett, are directors of the Sea Cadet Association.

22. STATUTORY INFORMATION

The Marine Society and Sea Cadets (MSSC) is a charity registered with the Charity Commission in England and Wales (registration number 313013) and with the Office of the Scottish Charity Regulator (registration number SC037808). The registered office is 202 Lambeth Road, London SE1 7JW.

COUNCIL MEMBERS AND EXECUTIVE MANAGEMENT YEAR ENDED 31 MARCH 2022

Council members and executive management during the year, and as at the date of this report, were:

PRESIDENT: Admiral Sir Mark Stanhope GCB OBE DL (Retired 6 October 2021)
Admiral Sir Philip Jones GCB DL (Appointed 6 October 2021)

COUNCIL MEMBERS

The Council members who served during the year were:

Jeremy Penn (Chair) ^{1, 2, 3}
Liz Cassidy (Vice Chair) ^{1, 2}
Léonie Austin ²
Dr Louise Bennett ^{1, 2, 3} (retired 6 October 2021)
Laurelle Brant – Youth Committee Member ^{2, 3} (elected full member 6 October 2021)
David Derbyshire ³
David Dingle CBE ^{1, 2}
Simon Figgis ^{1, 3}
Gareth Hampton – Youth Committee Member ^{1, 2} (elected full member 6 October 2021)
Lt Cdr (SCC) Jason Kinghorn RNR ^{2, 3, 4}
Alan Marsh MBE FICS ¹
Nick Mason ^{1, 2} (resigned 14 November 2021)
John May OBE DL ^{2, 3}
Captain Ian McNaught CVO MNM
Sir Alan Massey KCB CBE ¹ (retired 6 October 2021)
Jonathan Robertshaw ^{1, 2}
Michael Schofield ^{2, 3}
Sir Jonathan Woodcock KCB OBE ^{2, 3}
Robert Woods CBE ²

Council Members are members of the following committees as annotated above.

- ¹ The Finance, Investment, Remuneration and Audit Committee
- ² The Policy Development and Nominations Committee
- ³ The Safety, Safeguarding & Risk Committee
- ⁴ The National Sea Cadet Advisory Council
- ⁵ The National Sea Cadet Forum

EXECUTIVE MANAGEMENT

Chief Executive	Martin Coles CBE FRICS ACI Arb
Captain Sea Cadets & Director of Operations*	Captain Philip Russell RN (retired August 2021) Captain Neil Downing RN (joined October 2021)
Director of Maritime Training & Development	Darrell Bate
Director of Human Resources	Petrina Brooker
Director of Finance & Digital and Company Secretary	Jenny Howard
Director of Fundraising & Communications	Daniel McAllister
Director of Policy & Young People Support	Veronika Neyer (left April 2021)
Director of Young People, Volunteer Support & Outreach	Paul Wilkinson
Director of Sea Cadets Learning	Heather Williams

* provided on loan from the Royal Navy

The principal professional advisers during the year were:

**PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2022**

Auditors:	Mazars 2 nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton SM1 4FS
Bankers:	Barclays Bank plc 1 Churchill Place London E14 5HP National Westminster Bank plc 250 Regent Street London W1B 3BN Royal Bank of Scotland plc 62-63 Threadneedle Street London EC2R 8HP
Investment Advisers and Custodians:	Investec Wealth & Investment Ltd 2 Gresham Street London EC2V 7QN KW Investment Management Ltd 13 Austin Friars London EC2N 2HE
Legal advisers:	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH Moon Beever 21A John Street London WC1N 2BF Russell Cooke 2 Putney Hill London SW15 6BA
Insurance Brokers:	Arthur J. Gallagher Insurance Brokers The Walbrook Building 25 Walbrook London EC4N 8AW
Pension Advisers:	Mercer Limited 1 Tower Place West Tower Place London EC3R 5BU
Registered Office:	200b Lambeth Road London SE1 7JY

Accounts



MARINE SOCIETY & SEA CADETS

Report & Accounts For the year ended 31 March 2021

Patron: Her Majesty the Queen

Admiral of the Sea Cadet Corps: Her Royal Highness The Princess Royal

President: Admiral Sir Mark Stanhope GCB OBE DL

Charity number (England & Wales): 313013

Charity number (Scotland): SC037808

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

Overview

Marine Society and Sea Cadets (MSSC) is a charity that helps launch young people for life and supports aspiring and serving seafarers to realise their potential.

With a clear vision to be the leading maritime charity for youth development and lifelong learning, MSSC is committed to investing in and supporting all of our beneficiaries so they can achieve their potential whatever path they choose.

For **Sea Cadets** this means: Inspiring the next generation to realise their potential and seize a better future through nautical adventure based on the customs and traditions of the Royal Navy.

For the **Marine Society** this means: Empowering aspiring and serving seafarers to realise their ambitions, through learning and self-development.

We know that our work has a transformational impact on both individuals and the communities they live and work in, positively affecting their life chances and benefiting their communities and society as a whole. Our five-year 2016 strategy enabled us to further develop our impact, measured against clear outcomes frameworks. It also prepared us well to be able to respond with speed and agility to the effect of the pandemic on our delivery, offering significant support, programmes and services to cadets, volunteers and seafarers during the crisis, as well enabling us to deliver another five years of progress in just this last year.

Pivotal to this has been the incredible can-do attitude of our volunteers who have worked tirelessly together with the national charity as one team to continue to deliver for young people wherever possible, ensuring remarkable resilience in numbers engaged. For the Marine Society we have partnered with like-minded organisations to provide collective emergency grant support for seafarers as well as achieve rapid development of new essential programmes such as maritime apprenticeships, post-16 courses and careers support.

As we emerge from this year of crisis then, our charity has not only proven its agility and resilience, but that what it has to offer has never been more relevant and more needed, equipping young people and seafarers to play their part as the world recovers, transforms and finds its future. Our two-year Strategic Regeneration Plan from April 2021 therefore focusses on how we not only get back to delivering the full experience and services on offer to all young people and seafarers, but also grow and develop to fully meet the needs of the changing world around us, now and for the future.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

Our values and culture

We are driven by what we do and the impact we have. We are proud of our work, approaching it with positivity, energy and enthusiasm as we lay the foundations for more inspiring futures. Our shared values and ways of working are summarised below and will guide us as we work together to achieve our goals for those we support.

MSSC values

Respect:

We adopt a professional, can-do approach, which creates an environment where we respect one another's contribution so we can thrive and grow.

Loyalty:

We are loyal to our beneficiaries, and recognise the impact that working as one team will have on achieving the charity's goals.

Self-discipline:

Our approach to planning and prioritising our work ensures excellence so we can achieve the best possible results.

Commitment:

We are committed to the charity's goals, which motivate us to work creatively to find solutions.

Honesty & integrity:

This underpins all that we do as individuals and teams. To achieve this, we are transparent, embrace feedback and take personal ownership to drive results.

Courage:

We do what we know is right and support our colleagues to do the same.

Sea Cadet values

Respect:

To appreciate and be considerate to others.

Loyalty:

To be faithful to all who invest in me.

Self-discipline:

To do what I must.

Commitment:

To do what I say I will.

Honesty & integrity:

To tell the truth and be a good person.

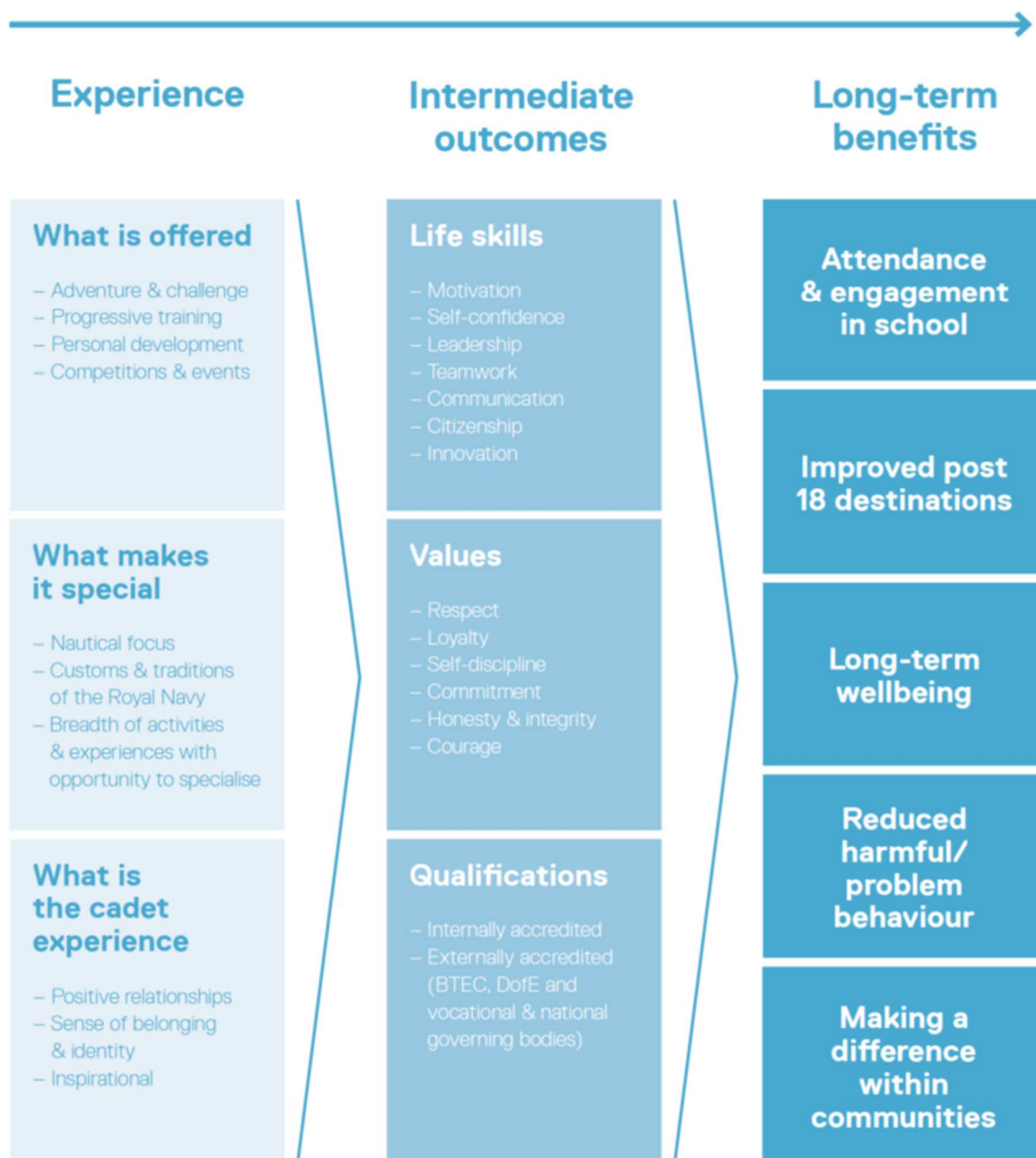
Courage:

To do what we know is right.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

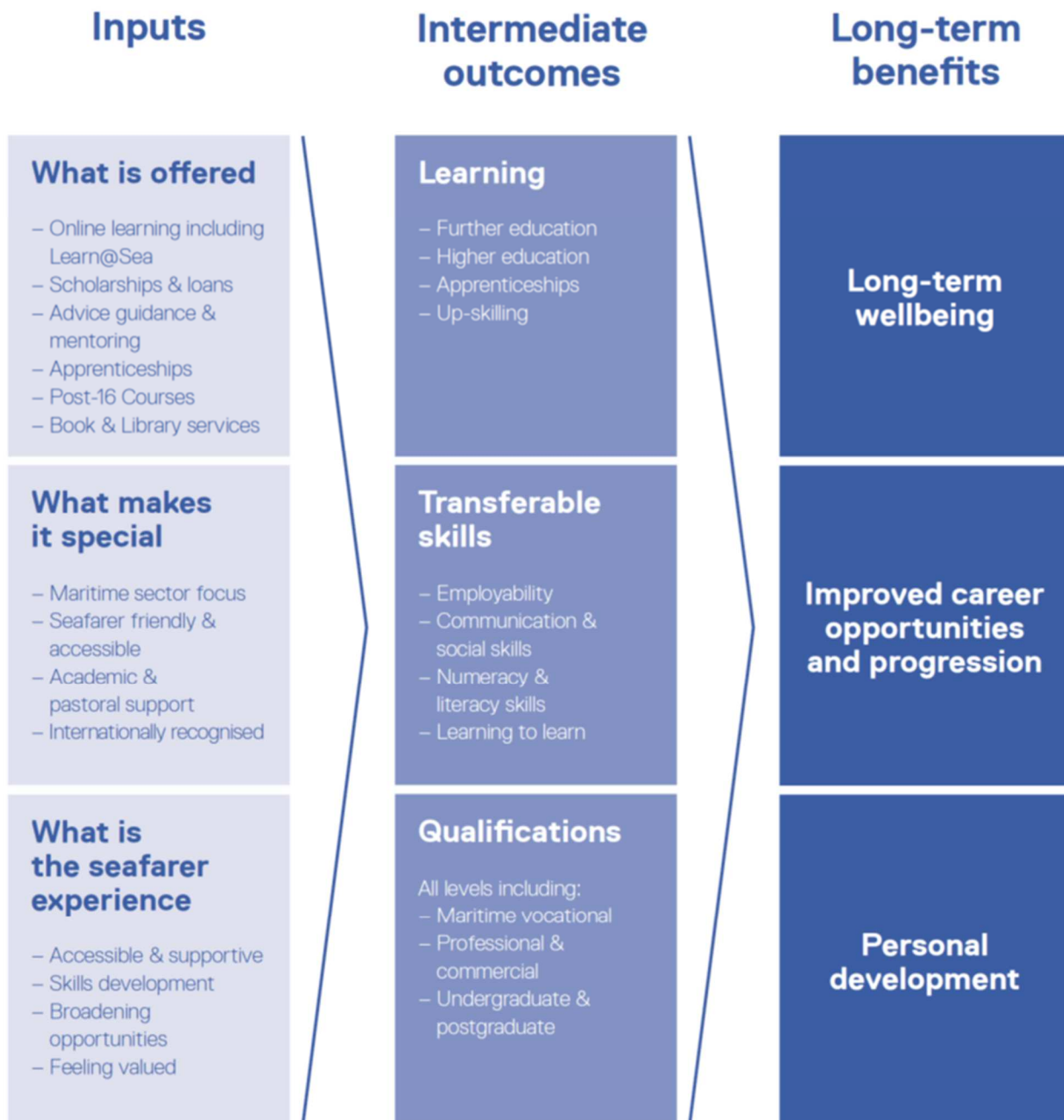
Our outcomes framework

The charity has developed a framework that gives a clear picture of the journey a young person or a seafarer goes on with us. This helps to ensure that the charity offers a consistent and conscious outcome to all beneficiaries and that we always meet our long terms goals of making a positive, life enhancing difference. We developed a framework to help us map our impact for young people. It means we can explain more clearly why we do what we do and how we achieve positive outcomes for young people:



The table below shows how we map our impact for current and aspiring seafarers. It means we can explain more clearly how we empower aspiring and serving seafarers to realise their ambitions and deliver long-term benefits for them:

**REPORT OF THE COUNCIL
YEAR ENDED 31 MARCH 2021**



REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

OUR STRATEGIC REGENERATION PLAN to 2023

Marine Society and Sea Cadets has proved immensely resilient to the challenges of the Coronavirus pandemic (Covid-19). As the world recovers, transforms and finds its new future, what we provide to young people as well as current and aspiring seafarers has never been so relevant or needed.

Developed during the previous year and commenced in April 2021 our strategic regeneration plan will drive our regeneration over the next two years, building on the outcomes of the 2016–2021 Impact Strategy and embracing three catalysts for change that have been learned and developed over this last year:

- **Youth centred:** putting our young people's views and needs at the centre of our thinking and action so that we best equip them for the world ahead.
- **Empowered volunteering:** providing effective and enabling support, encouragement and flexibility to equip our volunteers to maximise their effect.
- **Collaborative working:** a one team approach at all levels enabling us to deliver with speed and agility against our common goals.

In delivering the regeneration plan we will also follow three underlying themes:

- **Developing a new blended approach:** driving digital transformation whilst retaining the value of in-person working, including a hands-on Sea Cadets experience for young people.
- **Becoming totally inclusive:** building on our open culture to drive even greater inclusivity for all and further contributing to the communities in which we operate.
- **Maintaining our maritime focus:** ensuring we continue to serve the maritime sector, with Sea Cadets focussed on the customs and traditions of the Royal Navy.

We will do this by delivering projects and initiatives under seven strategic Areas of Focus:

1. Youth
2. Volunteers
3. Growth
4. Digital
5. Community
6. Marine Society
7. Enablers

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

2021/22

Youth:

As soon as possible, in line with guidance across the four nations, we will re-introduce district, area and national cadet training programmes and target 15 hours boating (average) per cadet. Until September, this will be day run courses, offshore taster days and additional cadet holiday activity programmes, with contingency planning for summer residential camps. Thereafter we plan to revert to some residential delivery, including offshore weekly voyages. During the year we will launch a new Royal Marines Cadets syllabus, re-introduce Duke of Edinburgh expeditions and, where needed, utilise virtual delivery to ensure continued training regardless of the situation.

We will give cadets more ways to have a voice in how Sea Cadets returns and evolves. Responding to what we have already heard we will develop a 'wellbeing and resilience' course to support our cadets, as well as increase career awareness to help them find opportunities.

Alongside all of this we will re-establish the vital role of Admiral of the Sea Cadet Corps through appointment of a high profile ambassador to support all that Sea Cadets has to offer young people.¹

Volunteers:

Volunteers are critical to the regeneration of Sea Cadets. We will target increased training to ensure we fully reskill our volunteers to support this, and where possible make training more accessible through blended learning, together with streamlining our on-boarding processes for new volunteers and further developing flexible volunteering options.

We will develop further support for volunteer delivery of our cadet training programmes, and pilot mental health awareness training to better equip volunteers to support cadets.

Growth:

Whereas numbers have inevitably fallen through lockdown, we believe there will now be even greater and growing demand for the unique offer of Sea Cadets. In the first year of regeneration we will focus on helping existing units plan and begin to get back to offering full capacity to their communities, including using 'twinning' to help units benefit from shared learning across the country and support the opening of 20 new additional junior sections to enable more nine to eleven year olds to participate in what Sea Cadets has to offer.

Concerned to open Sea Cadets to all, we will also target hard-to-reach young people to offer 1,200 outreach places for summer boating sessions through our 'On the Water' programme inspiring them to get out on the water, achieve, and if they wish, join Sea Cadets.

Digital:

We will build on the digital developments we have begun to leverage over the past year, to further accelerate capability, including releasing simple digital tools for onboarding volunteers, creating a platform for volunteer online learning, as well as offering ability to pay course contributions and volunteer expenses online.

¹ HRH The Princess Royal now Admiral of the Sea Cadet Corps

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

Community:

In the return from lockdown cadets can and want to play a key role in their local communities. We will develop a framework and resources to help them and their local unit to do so, with at least 50 Sea Cadet units participating in Communities Engagement Week.

Marine Society:

Our support for seafarers has continued to be even more critical during lockdown so we have also refreshed the Marine Society offer to include both the current and aspiring seafarer. We will now introduce:

- 20 Government 'Kickstart' placements nationally
- eight outreach courses through new post-16 provider partnerships
- a suite of new Learn@Sea courses
- a careers bridge for cadets seeking to progress into the maritime sector
- a refreshed long term model for supporting seafarers considering a career ashore

Enablers:

To underpin all these plans we will develop a clear diversity and inclusion strategy, further improve fundraising and public awareness, as well as deliver a programme of infrastructure improvements.

2022/21

Youth:

By Year Two we will be offering the full range of cadet activities again, including the new Royal Marines Cadets syllabus, ongoing cadet holiday activity programmes, re-introduction of international exchanges, further increasing Duke of Edinburgh courses and targeting 30 hours boating (average) per cadet.

Building on our Year One plans we will continue to give more cadets a voice, whilst delivering the 'wellbeing and resilience' course for cadets nationally as well as providing further practical careers support.

Volunteers:

For volunteers we will support return to full delivery of the Sea Cadet Experience, with many of the 2021/22 initiatives fully embedded. This will include delivering blended training, introducing more external accreditations, flexible volunteering as well as further improving communications with volunteers.

Growth:

On top of continuing to support the full regeneration of existing units and opening a further 20 Junior sections we will return to at least April 2020 cadet numbers, with sufficient volunteers in place to make this happen. By the end of Year Two we will also have delivered an additional 1,200 outreach opportunities.

Digital:

We will continue to invest in our digital offer with improvements to the Sea Cadets Portal, more volunteer self-service functionality, a new members' website, and upgrades to the Marine Society digital systems.

Community:

In addition to active participation of at least 150 Sea Cadets units in Communities Engagement Week, we will also play our part in the Queen's Platinum Jubilee.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

Marine Society:

By the end of Year Two we will have established two maritime apprentice recruitment assessment centres, put in place additional partnerships with learning providers, delivered additional courses and expanded our digital learning at sea resources through our 'Learn@Sea' upskilling app and 'eFarer' service offering our digital library and 'Learn@Sea' products.

Enablers:

Year Two will see the delivery of a major new boat station in the Midlands, improvements to regional training venue opportunities and completion of a wide-ranging transport review. We will also continue to roll out diversity and inclusion plans, grow fundraising and further develop communications.

Beyond Regeneration

The world has changed. We have and will learn from the experience and will not go back to exactly who and what we were before the Covid-19 pandemic. We have and will continue to prove to be responsive and innovative.

By 2023:

Sea Cadets will be even stronger and even better at meeting the needs of young people and their communities in a post-pandemic world. We will have harnessed what we have learnt to further develop the offer, our systems and support for our volunteers so that by March 2023 we have even stronger foundations and are impacting the lives of many more young people with all that Sea Cadets has to offer.

Our close partnership with the Royal Navy will continue to be central to Sea Cadets and we will have delivered reflective of the Cadet Forces 2025 strategy for MOD sponsored cadet forces (which includes Sea Cadets). We will also have taken opportunities to work with the government and sector policy across the four nations to both better support Sea Cadets and use our expertise to help build better policy responses for children, young people and local communities.

Marine Society will have built services that reflect the needs of current and aspiring maritime workers in a post Covid-19 and increasingly changing and complex sector. We will have expanded our digital maritime learning services, developed a post-16 maritime careers and qualifications programme, as well as 'Coming Ashore' careers support, whilst continuing to develop a scholarships and bursaries offer, crew libraries and specialist book sales.

Together we will have forged even stronger and collaborative working, engaging with our many sponsors, and fully leveraging our resources across the charity for the benefit of cadets, volunteers and seafarers.

Beyond 2023:

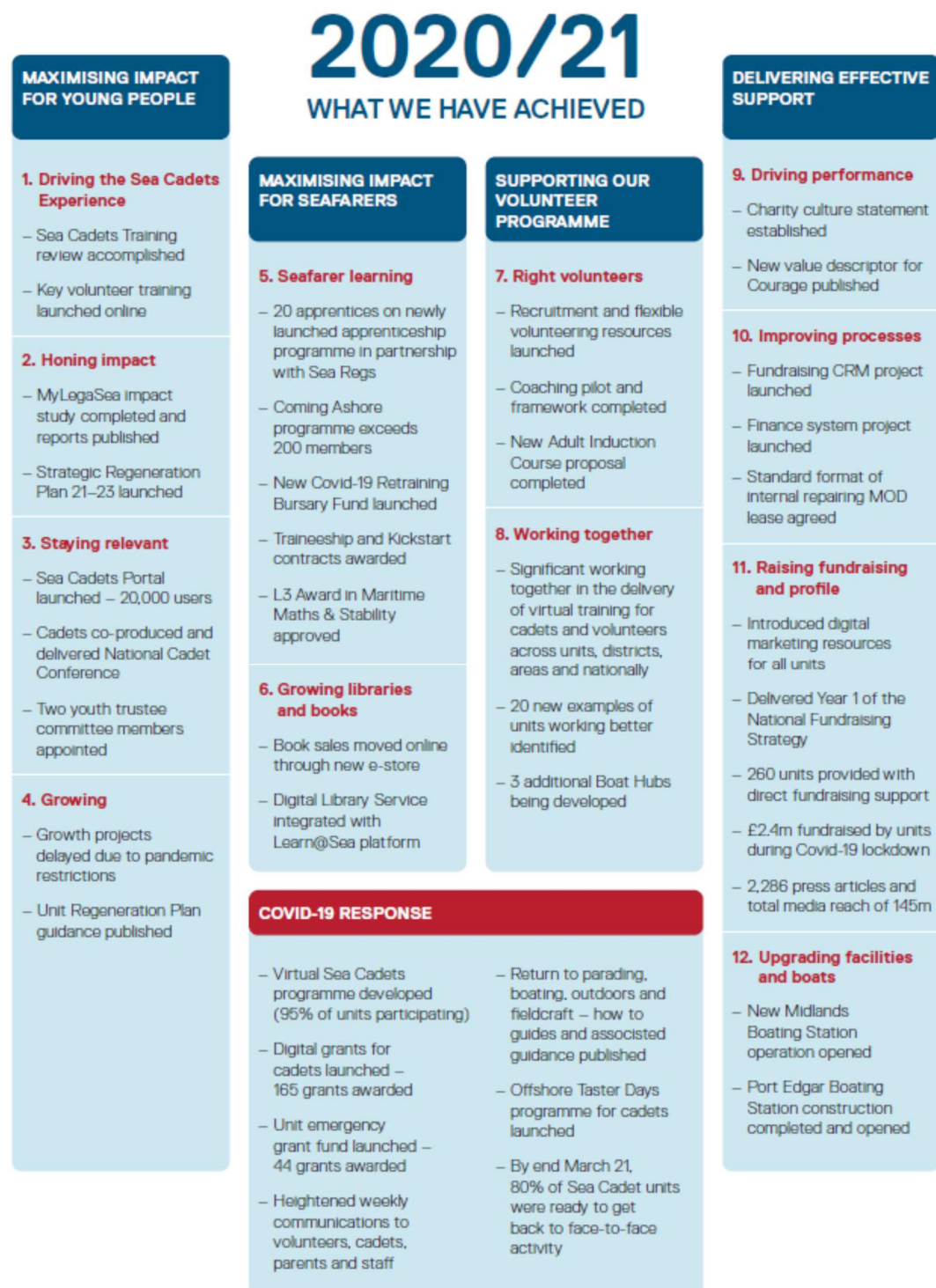
Alongside this work we will develop our next long term strategy from 2023, building on the following themes:

- Youth centred and focussed, engaging and impacting young people
- Empowering and supporting our volunteers
- Continuing to grow
- Driving collaboration, innovation and fully harnessing blended working
- Becoming fully inclusive and contributing to the communities in which we operate
- Developing our maritime learning offer
- Supporting our staff and enabling them to maximise delivery

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

What we achieved in 2020-2021

The pandemic had a considerable impact on our ability to deliver the year plan originally intended. We were still able to achieve much of this together with significant additional delivery responding to the pandemic, resulting in a year of real progress:



REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

MSSC'S LAMBETH ROAD, LONDON PREMISES

Some years ago, the charity became aware that a property company, the Downing group, had acquired the neighbouring plot of land for development of a new six storey building. Following negotiations with the developer, the charity completed an agreement in December 2018 to transfer part of its existing land and property to the developer in exchange for new more efficient fully fitted offices for the charity. These are on the ground and lower ground floors of the new building. Following practical completion of the new facility, on 09 July 2021 the charity completed a 249 year lease of the new premises at a peppercorn rent at a net premium of £3.764m plus VAT ahead of occupation from early September 2021. The existing MSSC building (already partially let) and its associated land will remain the property of the charity and is being marketed for disposal by the charity.

CHARITY OBJECTS

The objects of the Marine Society & Sea Cadets (MSSC), a charity registered in England and Wales 313013 and in Scotland SC037808, are set out in its governing instruments which are based on the Act of Incorporation of 1772, the Charities (Marine Society) Order 1976 No 147 and subsequent Charity Commission schemes, the latest being that dated 22 November 2004. The Objects of the charity are:

- to promote the development of young people in achieving their physical, intellectual and social potential as individuals and as responsible citizens by the provision of education and leisure time activities using a nautical theme
- to advance the education of seafarers in such ways as the Council shall determine but including (at the discretion of the Council) the following:
 - the provision in ships and on shore of a comprehensive library service in any media for the use of seafarers
 - the assistance of persons preparing for or entering upon a maritime career by the provision of training, the payment of fees, maintenance and other expenses and the making of loans
 - the award to seafarers of scholarships, bursaries and maintenance allowances tenable at nautical or other schools or training establishments
 - the making of grants or loans to nautical or other schools or training establishments which are charities or to other organisations established for charitable purposes only which provide facilities for and encourage young persons to become seafarers
- the advancement of the education of the public in maritime matters
- the promotion of scientific or other research of particular benefit to seafarers and the publication of the useful results of such research
- the provision in the interests of the social welfare of seafarers of facilities for recreation and other leisure-time occupation, being facilities which will improve their conditions of life and of which they have need by reason of their social and economic circumstances
- the relief of financial hardship among seafarers and their dependants

“Seafarers” used above is a term defined as:

- persons who have served, are serving, or intend to serve in the Royal Navy, the British Merchant Navy or fishing fleets or any other maritime career
- persons who are serving in the navies, merchant navies or fishing fleets of such other countries as the Council from time to time determines

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

CHARITY OBJECTS (cont)

- Members of the Sea Cadet Corps; and
- any other young persons considering or interested in a maritime career

“Sea Cadet Corps” (SCC) means properly constituted maritime cadet units that conform to the policies of Sea Cadet Regulations established by the charity and that are formally affiliated to it.

HISTORY

The Marine Society was founded in 1756 by Jonas Hanway, a London-based philanthropist, with the aim of encouraging young men and boys of good character to join the Royal Navy at the start of the Seven Years' War. Incorporated in 1772, the Society commissioned in 1786 the first sea training ship in the world, the 350-ton Sloop *Beatty*, and went on to provide sea training all the way up to the Second World War. It was estimated that over 110,000 men and boys were trained and equipped by the Society over this period.

The Sea Cadet movement dates back to 1856 when sailors returning from the Crimean War started up 'Naval Lads' Brigades' in ports around the country. In 1910 the Navy League sponsored a small number of independent units, which received Admiralty recognition in 1919. In 1937 Lord Nuffield gave £50,000 to fund the re-launch and expansion of the Corps and five years later the Admiralty started to pay for uniforms, equipment, travel and training. In 1976 the Navy League was renamed the Sea Cadet Association. In 1963 the Girls' Naval Training Corps (GNTC), which had been formed in 1942 with objectives similar to those of the Sea Cadet Corps, became a partner organisation of the Sea Cadets, often sharing facilities. In 1980, the GNTC merged with the Sea Cadets, firstly as the Girls Nautical Training Contingent, until becoming fully absorbed in 1992. Girls and women currently make up over a third of all cadets and volunteers.

MSSC was formed in 2004 on the merger of The Marine Society and the Sea Cadet Association (SCA) with the merged organisation retaining the constitution of The Marine Society. The SCA (registered charity number 306141 & company number 404951) is now a subsidiary of MSSC.

PRINCIPAL ACTIVITIES

The activities broadly relate to those of promoting Sea Cadet activity and helping seafarers realise their ambitions.

The charity supports the maritime industry through the provision of Marine Society College activities, by promoting career opportunities into maritime, upskilling seafarers using new technologies, whilst supporting others to transition ashore into maritime-related roles. As an approved Government-funded training provider and Ofsted-rating 'Good', Marine Society will build on its global reputation for supporting seafarers offering advice and guidance, scholarships, bursaries, apprenticeships, a growing range of post-16 to graduate courses as well as delivery of crew libraries and specialist book sales.

The charity acts as the franchisor for Sea Cadet units – local groups are constituted as separately registered charities. The charity sets Sea Cadet regulations, issues guidance and performs inspections to ensure that the highest of standards are maintained. It provides support in many other ways including provision of uniforms, equipment, onshore and offshore training and related travel, business and unit support and Disclosure and Barring Service (DBS) checks. The charity does not have overall control over the day to day operation of the individual units.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

PRINCIPAL ACTIVITIES (cont)

Sea Cadet units operate across the United Kingdom, with a total as at 01 April 2021 of 13,216 cadets (10,965 in England, 1,046 in Scotland, 682 in Wales, 344 in Northern Ireland and 179 overseas). There are 304 established units in England, 37 in Scotland, 22 in Wales and 11 in Northern Ireland, with a further two in Bermuda and one each in Jersey, Guernsey and Malta. There are also a further six new units (one in Northern Ireland, five in England) and fifteen partnership units (one in Scotland and fourteen in England). The charity maintains six area offices, five based in England and one in Scotland, three national training centres, two in England and one in Scotland, eight boating stations, seven in England and one in Scotland, and an offshore fleet of five vessels, based in England.

VOLUNTEERS

The charity relies extensively on volunteers to support the delivery of its training and other activities to Sea Cadets, and to serve as unit management team members (trustees) of Sea Cadet units. As at 01 April 2021 there were 4,355 adult instructional volunteers, 1,587 unit management team members and 2,613 other volunteers. In total 8,555 volunteers 7,040 in England, 731 in Scotland, 442 in Wales and 249 in Northern Ireland). We are extremely grateful for the generosity of time, huge commitment and can do attitude of our volunteers in making the Sea Cadets the success that the organisation is. This has been particularly so over this last year in ensuring Sea Cadets kept going virtually when not able to meet face to face during lockdowns and in getting back up and running as things have eased.

KEY RISKS AND UNCERTAINTIES

The Council is responsible for management of the risks and uncertainties faced by the charity, assisted by senior staff. The Council undertook an annual review of the organisation's risk management process through the Safety, Safeguarding and Risk Committee in May 2021, and together with the Policy Development and Nominations Committee and the Financial Investments Audit and Remuneration Committee continued to monitor the charity's key risks throughout the year. This included frequent review throughout the year of the impact of the pandemic upon all aspects of the charity.

The charity's risk register operates at three principal levels; the Strategic Risk Register, the High Operational Risk Register and Departmental Risk Registers. Each risk identified is described, together with its indicators and mitigating factors in place, and its target and current mitigated scores based upon an impact and likelihood matrix. A commentary is also maintained by risks of actions in progress to further reduce the risk score, which may also be increased should risk circumstances change. All risks and their completeness is reviewed and revised by management and reviewed by the relevant committee, overseen by the Safety, Safeguarding and Risk Committee which meets four times a year.

The Council considers the key risks facing the charity to fall within the following areas:

- Safeguarding children and vulnerable adults
- Health & Safety
- Continued response to the Covid-19 pandemic
- Sufficiency of MOD Grant in Aid funding
- Lack of diversification of funding and support
- Sufficiency of financial reserves
- Public perception and reputation
- Stakeholder management, and in particular, key stakeholder support

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

KEY RISKS AND UNCERTAINTIES (cont)

The key mitigating 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
- Internal audit review of targeted areas
- External audit

The Council is satisfied that key risks identified are adequately managed and these are reviewed by the full Council. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are adequately managed.

The charity continues to respond to the consequences of Covid-19 across a number of risk areas, following the regeneration strategic plan. This includes ensuring that where possible services remain available or are appropriately adjusted to ensure Covid-secure delivery in line with relevant government and sector guidance and that there is enhanced support and regular and clear guidance for cadets, their next of kin, volunteers, seafarers and staff.

The Trustees, assisted by the senior management team, continue to keep the charity's response and the ongoing implications of the pandemic upon its operation and financial position under regular review. The Trustees will as required take necessary further steps to ensure the charity delivers effective support for its beneficiaries whilst remaining a going concern.

FINANCIAL REVIEW

Income

Total income amounted to £14,259K (2020: £17,774K), a decrease of 20% over the previous year. Some of this is due to Covid-19, particularly the decrease in donations, legacies and other income of £2,633K (55%), offshore bursaries of £236K and Areas & Branch income of £208K. Also two restricted projects the Cadet Expansion Programme (CEP) (2020:£1,252K) and Westminster Development & Cadet Portal £59K (2020:£1,062K) concluded.

The MOD grant in aid for Sea Cadets increased by 2% to £11,511K. Sea Cadets training income and offshore fleet income reduced significantly due to Covid-19.

MSSC (Trading) Limited income decreased from £89K to £17K and Investment income was lower than previously due to Covid-19.

We continue to remain sincerely grateful for the continued support provided by the MOD in helping finance the Sea Cadets and appreciate the agreement of our Grant in Aid for the next three years to March 2023, which is enabling us to plan more effectively.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

FINANCIAL REVIEW (cont)

Expenditure

Total expenditure was £14,092K (2020: £17,324K), a decrease of 19.0% on the prior year. The cost of safeguarding and supporting Sea Cadet activity and infrastructure decreased by £1,089K (14%) due to the reduction in restricted funds. Sea Cadets training reduced by £1,858K (32%) due to reduced face to face training activity as a result of Covid-19.

Net income and other movements

Overall, net income before investment gains was down by £283K to £167K mainly due to the significant reduction in restricted grant income and the impact of Covid-19. The £167K is broken down to restricted funds (£618K), Designated funds £837K and Unrestricted funds (£52K).

It has been the policy of the charity since 2012/13 to set aside long-term gains from its expendable endowment for current expenditure. The allocation amounted to £nilK (2019: £65K) based on a 4.0% agreed return set by the Trustees following advice from the investment managers. Due to the impact of Covid-19 it has been decided not to make this transfer this year.

Investment portfolio gains in the year were £2,363K, which represented the recovery of the stock market after the initial fall from February 2020 because of Covid-19.

Balance sheet

Intangibles have increased by £44K, with additions for the Cadet Portal, Finance system and Learn@sea, offset by depreciation. Tangibles have reduced by (£574K), due to depreciation, primary additions for Port Edgar and Midlands Boat Station.

Investments have increased by investment gain but decreased by (£4,000K) which is being held in an escrow account for the new building – this also shows in the prepayments.

Cash at bank has increased by £4,257K, mainly due to the prepayment of the GIA for April, shown in Deferred income £1,400K.

Total debtors have increased by £3,766K, Prepayments have increased by £4,427K – mainly due to the £4,000K prepayment for the new building. Other debtors have reduced by £500K – made up from Slater and LIBOR.

Total creditors have increased by £2,423K. Deferred income has increased by £1,180K (primarily GIA). Grants have increased by £645K, made up of unit grant commitments of £417K and bursary commitments of £228K. Accruals have increased by £506K, including £250K Foul Weather Jackets, £170K mandatory volunteer training, plus investments to enable socially distanced training.

SAFEGUARDING POLICY

It is the policy of MSSC to safeguard our young people and vulnerable adults from harm, physical, sexual and emotional abuse and neglect by:

- making the health & welfare of young people and vulnerable adults our first priority
- taking into account in all our considerations and activities the interests and wellbeing of young people and vulnerable adults
- respecting the rights, wishes and feelings of the young people and vulnerable adults with whom we are working
- taking all reasonable steps to protect young people and vulnerable adults from harm
- promoting the welfare and protection of young people and vulnerable adults

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

SAFEGUARDING POLICY (cont)

In 2016 a review of the charity's current safeguarding arrangements was commissioned and undertaken by Barnado's. Their report noted that the charity had clearly made considerable effort and investment in recent years to develop and embed a strong safeguarding culture, and made a number of recommendations for further refinement of the charity's procedures. All the recommendations have been fully implemented.

A further internal review of non-recent safeguarding cases was completed during 2020. This review made a number of recommendations with implementation underway.

MSSC also accords the utmost priority to the safety of vulnerable/protected groups, who should be free to work, learn and develop their potential without fear of violence, abuse or exploitation. Within the charity's environment, irrespective of their age, gender, disability, racial origin, religion, belief and sexual orientation, they will be valued and their rights to opportunity, protection and safety fully respected.

FUNDRAISING STANDARDS

Open and accountable

The MSSC works hard to ensure that everyone supporting the charity understands how their money will be used to help launch young people for life today, whatever they want to do after school, and help people who work on the sea to keep learning all their lives. This is reflected in the low levels of negative feedback we receive, and the absence to date in recent years of formal complaints to the charity.

Complaints and negative feedback

Should we receive a complaint, we would respond on a one-to-one basis as quickly as possible, maintaining full records. There has been nothing to report in recent years.

Contacting our supporters and supervising our fundraisers

The charity prides itself on a high standard of ethical fundraising and we continually review how we contact the public to ask for support. This ensures that we follow regulations, meet our own high standards and exceed the public's expectations, including ensuring the charity's compliance with General Data Protection Regulation (GDPR) (EU) 2016/679.

MSSC staff and volunteers carry out the vast majority of the charity's fundraising activities

We did not work with any professional fundraisers and fundraising organisations in 2020/2021. The Trustees are aware of the need to comply with regulations from the Charities (Protection and Social Investment) Act 2016. The MSSC ensures that our approach to commercial participators, professional fundraisers and our contracts with them are in compliance with the regulations.

Protecting our reputation, money and other assets

As a charity, gaining supporters' trust is incredibly important. The MSSC must demonstrate that it is a responsible and worthy recipient of supporters' generous donations. We therefore work hard to ensure that we manage our money and other assets responsibly and do all we can to maintain our good reputation by being transparent and trustworthy.

The MSSC takes its responsibility for managing supporters' donations very seriously and applies rigorous financial controls to ensure funds are securely held and properly accounted for at all times. The MSSC strives to make the supporters' experience simple – making it easy to donate in a way that suits individuals, whether that is online, by post, over the phone or through other means.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

FUNDRAISING STANDARDS (cont)

Protecting the vulnerable

The MSSC takes its responsibility towards supporters who may be considered to be in vulnerable circumstances very seriously. Our fundraisers are carefully briefed to respond sensitively and appropriately to any individual whom they might consider to be in a vulnerable circumstance.

Compliance with fundraising laws and regulation

Fundraising regulation goes through continuous change. Through membership of industry bodies, subscription to charity sector publications and staff continuing professional development we ensure that our fundraising teams keep up to date with amendments to regulations and professional practice, and their changing responsibilities.

The Trustees are satisfied that MSSC adhered to the appropriate fundraising standards for the year ended 31 March 2021. The charity is a paid-up member of the Fundraising Regulator.

Compliance with recognised standards

Every member of our fundraising team is responsible for making sure that they are compliant with the standards laid out in the Fundraising Regulator's Code of Fundraising Practice. This is carefully monitored by senior management. We are satisfied that we meet all current standards.

No complaints were received about fundraising in the year.

INVESTMENT POLICY

Investec manage the investment portfolio (excluding properties managed directly by the charity (see Note 12)). KW Investment Management manage the treasury portfolio.

The overall objective of the investment policy is to create sufficient income and capital growth to enable the charity to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the invested funds while they are retained. The overall objective of the treasury policy is to achieve better returns on cash than through bank deposits, primarily using short dated corporate bonds and certificates of deposit issued by the major banks.

MSSC's objective is to achieve, over the medium term, a real total return of at least 4.0% (net of fees and inflation). Both capital and income may be used at any time for the furtherance of the Charity's aims.

The investment portfolio mix is set to fall within the following broad planning ranges:

	Planning range	31 March 2021	31 March 2020
UK Equities	30-55%	33.8%	18.7%
Non-UK Equities	30-55%	43.2%	31.8%
Fixed Interest	10-30%	10.0%	7.3%
Property	5-10%	4.8%	5.8%
Hedge funds	0%	0%	0%
Other	0%	4.1%	3.7%
Cash	0-30%	4.1%	32.7%

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

INVESTMENT POLICY (cont)

The move from Cash Holdings to Equities reflects the cash being transferred to the escrow account to pay for the new building. This does not mean that they can't still be tactically overweight in any asset class from time to time.

The 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.

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.

Investments in Alternative Investment Strategy funds, Derivatives and Hedge Funds are allowed on a limited exposure basis (up to 5% of funds) on a short-term basis (maximum of 5 years).

Treasury holdings should not exceed £1M by counterparty, nor two years' maturity for bank debt.

Ethical considerations

The Trustees would like to invest in a responsible and sustainable way and therefore expect the investment manager to take into account ESG factors when making investment decisions, as well as a carbon aware approach.

Performance

The fund delivered a total return (net-of-fees) of 25.4% (2020: 5.8%) against our real return benchmark of 4.7% (CPI plus 4%) and ARC Sterling Steady Growth Index 1 of 24.0% (2020: 7.9%). Total return over the three year period to 31 March 2021 was 7.3% (net-of fees) per annum against a benchmark of 5.4% (CPI plus 4% per annum over the period) and ARC Sterling Steady Growth Index 6.6% (net-of-fees) per annum since 31st March 2019.

The Trustees continue to monitor investment performance and are grateful for the assistance of the investment managers, Investec.

Review of investment managers

A tender exercise for the provision of investment management services to the charity was conducted in 2017, with the assistance of Independent Investment Reviews Ltd. Following a full and fair competition, Investec were re-appointed.

¹ The ARC Sterling Steady Growth Index is a composite of charity portfolios exhibiting 60-80% of the volatility of the UK equity market.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

RESERVES POLICY

Total funds at the year-end as detailed in note 17 were £35,080K, (2020: £32,550K), which includes £15,126K (2020: £15,744K) restricted funds and £17,399K (2020: £15,036K) endowment funds. After accounting for intangible and tangible fixed assets of £570K (2020: £531K) and the setting up designated funds for investments in boat stations and outreach work of £837K, this leaves unrestricted funds, comprising free reserves of £1,148K (2020: £1,239K).

The charity does not retain MOD grant monies as part of its reserves. The reserves policy of the charity has been to hold three months' expenditure (approximately £3.5 million) in income funds rather than capital. It remains an aspiration of the charity to increase its free reserves. However, the Charity Commission is encouraging charities to move to a risk based reserve strategy rather than one based on a number of month's expenditure with little explanation. A Risk based approach, means that the reserves reflect the risk of loss of specific income and the risk of the most significant costs increasing. On the basis of this approach our target will be £2.6 million.

A breakeven budget has again been set in the current year. It is unlikely the charity will be able to meet its reserves targets and instead will have to rely on expendable endowment to act as a reserves buffer. The policy has clear dangers for the charity in the long term so any drawdown that may be made will be kept to an absolute minimum. It is at the complete discretion of Trustees as to the level of support the charity will give to the Sea Cadet movement in the event of shortfalls in public funding.

GRANT MAKING POLICY

Grants awarded in 2021 amounted to £1,464K (2020: £1,494K). Individual Sea Cadet units are separate registered charities and thus financial support is paid via grants. The policy of the charity is to grant monies for one-off items to support the Sea Cadet Corps and individuals (members of the Sea Cadet Corps or seafarers) to help them either facilitate or receive approved training or qualifications. In addition, grants are provided to volunteers to allow upkeep or purchase of uniforms on promotion or for wear and tear during the year. Payments are made in accordance with published scales.

MSSC STAFF REMUNERATION POLICY

As a charity, it is important we achieve balance in ensuring value for money, including how we pay our staff, with the need to attract, motivate and retain the right people to ensure we are able to deliver our ambitious plans and so maximise our impact on our beneficiaries. Therefore, our principles are to pay fair salaries that are consistent with our commitment to equality and diversity; that we remain competitive within the industry and geographic location of the role; are appropriate for the level of responsibility; and are in keeping with our charitable status. Headcount is reviewed annually as part of our budgeting process.

Governance of Pay

The Council approves the Pay and Benefits Policy, and the Finance, Investments, Remuneration and Audit Committee is appointed as a committee of the Council to approve pay related matters. The Council delegates to this committee the annual pay review and determining the CEO and senior management team salaries. This committee meets quarterly.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

MSSC STAFF REMUNERATION POLICY(cont)

Annual pay review

Salaries are normally reviewed annually in April / May with any pay increases being paid from 1 June. We benchmark salaries to ensure that we are paying appropriately and that we broadly fall within the mid-point for similar organisations. Where we find salaries that are not aligned, we adjust accordingly. There is no obligation to increase salaries, however if it is affordable and we have performed well, then a uniform inflationary increase may be applied. This is awarded to all staff, including senior staff, with the exception of those who are within their probation period or have resigned, or those who have already received an increase that year. In the light of the significant impact of the pandemic upon operations, it was decided to forego a pay review June 2020. As a result, salaries a 2% inflationary pay review was implemented in June 2021.

PUBLIC BENEFIT

The Council members continue to give due regard to the public benefit provided by the charity in relation to its charitable purposes as set out in the activities and achievements outlined in this report and have given due consideration to guidance issued by the Charity Commission on this matter.

The aim of Sea Cadet activities is to give young people the best possible head start in life through nautical adventure and fun, based on the customs and traditions of the Royal Navy. *"Adventure that launches young people for life"*

In order to achieve this, Sea Cadet units take young people from all backgrounds, including where possible those with disabilities and develop their skills and abilities by:

- Inspiring young people through regular and structured activities with a nautical theme
- Encouraging young people to take part in activities connected with the wider Sea Cadet movement, including inshore boating and offshore voyages, as well as events and competitions at District, Area and National levels
- Availability of formal externally recognised educational achievements whilst taking courses to earn badges and promotions

Charges are kept low in order to ensure all those who wish to take part in Sea Cadet activities may do so. Where further financial support is required for those on low incomes, a wide range of bursaries are available.

The aim of the Marine Society is to give aspiring and serving seafarers the best possible lifelong learning opportunities tailored to their individual needs. *"Realising Seafarer Potential"*.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

PUBLIC BENEFIT (cont)

We achieve this through a wide range of services that are geared towards their personal development, education and learning support needs, helping them realise their potential. This includes:

- Promoting career opportunities into the maritime sector
- As an approved Government-funded training provider with Ofsted-rating 'Good', offering advice and guidance, scholarships, bursaries, apprenticeships and a growing range of post-16 to graduate courses
- Delivering upskilling courses to aspiring and serving seafarers around the world through use of digital learning
- Supporting others to transition ashore into maritime-related roles.
- Providing a ship's library service for seafarers at sea and specialist book sales.

The Council members are thus satisfied that the charity provides substantial public benefit.

ORGANISATIONAL STRUCTURE AND GOVERNANCE

The charity is governed by a board of unpaid non-executive Council members who act as Trustees. Details of the Council Members who served during the year, and as at the date of this report, together with details of the executive management and professional advisors, are shown on pages 55-56.

The Council meets at least quarterly and is supported by members of the senior management team. Responsibility for reviewing key areas of activity is delegated to committees which report back to the Council meetings. The committees, with specific terms of reference, may also include specialist co-opted members as well as Council members to ensure that expert opinion is available. The day-to-day management of the charity and the exercising of executive responsibility are delegated to the CEO and senior management team. Meetings of the Council are also attended by one of our current First Sea Lord Cadets.

The current committees and their primary purposes are:
Finance, Investment, Remuneration & Audit Committee

- Oversees the financial affairs of MSSC, including management accounts, budgeting and the preparation of statutory accounts
- Formulates Investment policy and oversees the management of Investment assets
- Oversees and ensures the proper conduct of the internal audit process in accordance with Council requirements
- Oversees the remuneration, terms and conditions and performance review of MSSC's CEO and HQ senior management
- Oversees the appointment and remuneration of the external auditors and receiving reports from them

Policy, Development and Nominations Committee

- Develops and recommends strategy and policy for the optimum use of MSSC resources in order to fulfil its objects in the medium to long term (2 – 10 years)
- Advises Council on major strategic issues, especially those which do not fall within the remit of any other major committee, and for monitoring the implementation of MSSC's strategic plan, keeping it under review, and advising Council on its revision
- Considers and approves guidelines for fundraising and public profile strategies
- Nurtures and develops relationships with external stakeholders (including MOD, Skills Funding Agency (SFA) and public funding bodies) in order to maximise support
- Sets and monitors performance against established targets (KPIs)
- Undertakes a nominations function, in liaison with MSSC Chairman, for appointment to MSSC Council and the Committees

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

ORGANISATIONAL STRUCTURE AND GOVERNANCE(cont)

Safety, Safeguarding & Risk Committee

- Reviews the quality of services and activities undertaken by MSSC (and SCC) to ensure that they are safe (with particular consideration to the need to protect its young people), high quality and appropriately risk assessed
- Ensures the maintenance of an effective system of integrated governance and risk management that supports the achievement of the organisation's objectives

National Sea Cadet Forum

- Composed of Sea Cadets, together with representatives of the MSSC management team and Council. The forum supports the aims and objectives of the SCC, providing ideas and feedback to the MSSC from cadet forums at Area level. In the year, work continued to create cadet forums at District level to link in to the Area Cadet forum and in turn the National Sea Cadet forum.

National Sea Cadet Advisory Council (NSCAC)

- Primarily composed of representatives and volunteers of the SCC and MSSC management team. The council supports the aims and objectives of SCC and provides advice to its principal national sponsors. From 9 July 2014, the chair of NSCAC was invited to be a Trustee of MSSC for the period of office.

Appointment, induction and training of Council members

Council members (Trustees) are co-opted by the board and elected by the charity's members at the AGM following their appointment according to the provisions of the Society's Scheme. A Council member, who has previously been re-elected at an AGM, is eligible for re-election only with the prior approval of the Council. The Society's Scheme formally provides that one-third (rounded down) of the elected Council members shall retire at each AGM. 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.

The induction process for a new Council member comprises initial meetings with the Chairman and other members of the board, followed by meetings with the CEO and senior management team, through which the individual will be briefed on the remit of the charity and the powers and responsibilities of its Trustees. The charity aims to provide all new Council members with the information necessary to ensure that they are fully equipped to contribute to the organisation within their powers. Council members are informed of current and evolving issues within the sector by the senior management team.

Membership and Branches

The MSSC is a membership organisation and currently enjoys the support of some 600 members who pay an annual subscription to the Charity. MSSC has five (2020: five) branches within the United Kingdom made up of members of the charity who reside within its locality. The annual subscriptions of those living within the catchment area of a branch are returned to the branch committee to be applied for the benefit of local Sea Cadet units and MSSC initiatives. These branches are an active and welcome force in spreading the charity's message at a local level.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

THE CHARITY GOVERNANCE CODE

The Trustees have considered the new third edition of the Charity Governance Code for larger charities, published in July 2017 by the charity sector's The Code Steering Group (the Association of Chief Executives of Voluntary Organisations, the Association of Chairs, Small Charities Coalition, the Institute of Chartered Secretaries and Administrators: The Governance Institute, the National Council for Voluntary Organisations and the Wales Council for Voluntary Action). The code is supported and endorsed by the Charity Commission in England and Wales.

The code lays out principles for seven key areas of governance together with recommended practice for each principle; organisational purpose, leadership, integrity, decision making, risk and control, board effectiveness, diversity, openness and accountability.

The Trustees consider that the charity continues to comply with the principles of the code.

UNITED KINGDOM EXITING THE EUROPEAN UNION

The Sea Cadets activity is mostly based in the United Kingdom. The Marine Society operates on a global basis, though again much of its activity is delivered within or led from the United Kingdom. Nevertheless the charity is generally and indirectly subject to the broader economic uncertainties, including exchange rate impact of the United Kingdom's departure from the European Union which occurred at the beginning of 2021.

INTERNAL AUDITOR'S REPORT TO THE COUNCIL

A dedicated member of staff was appointed as Internal Auditor to the Charity in April 2015. Previously the function had been fulfilled by a contracted internal audit service provider.

The Internal Auditor reported to the Council in July 2021 as follows:

Based on the work performed during the year, it is the opinion of Internal Audit that MSSC has an adequate and effective framework of governance, risk management and control in place to support the organisation's objectives as laid out in its Vision and Strategy.

Following each audit engagement, actions to address any identified control weaknesses have been agreed with management and progress against these agreed actions is monitored by Internal Audit and reported to the Finance, Investments, Remuneration & Audit (FIRA) Committee on a regular basis. In the opinion of Internal Audit, no control weaknesses have been identified during the year which are of such significance to warrant specific disclosure in the Annual Governance Statement.

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

STATEMENT OF THE ACCOUNTING OFFICER

The Chief Executive Officer (CEO) as designated Accounting Officer in accordance with the current ten year Memorandum of Understanding with the MOD dated 13 December 2018, should ensure that MSSC and any subsidiaries to it or organisations sponsored by it, operates in respect of the GIA effectively and to a high standard of probity. The MSSC should in respect of the GIA:

Governance

- Have a governance structure which transmits, delegates, implements and enforces decisions
- Have trustworthy internal controls to safeguard, channel and record resources as intended
- Work cooperatively with partners in the public interest
- Operate with propriety and regularity in all its transactions
- Treat those with whom they deal fairly and honestly
- Offer redress for failure to meet agreed stakeholder standards; and
- Give timely, transparent and realistic accounts of the MSSC

Decision-making

- Provide the Ministry of Defence (MOD) with clear, well-reasoned and timely information in accordance with the Memorandum of Understanding
- Make all its decisions in line with the strategy, aims and objectives of the charity
- Take a balanced view of the MSSC's approach to managing opportunity and risk

Financial management

- Comply with Public Sector Internal Audit Standards (PSIAS) in order that the Principal Accounting Officer may receive an annual assurance on risk management, governance and control
- Use its resources efficiently, economically and effectively, avoiding waste and extravagance
- Plan to use its resources on an affordable and sustainable path, with agreed limits
- Carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and seeking good value for money
- Use, where possible, management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments
- Avoid over defining detail and imposing undue compliance costs, either internally or on the charity's stakeholders and other with whom it deals
- Have practical documented arrangements for working in partnership with other organisations, as appropriate
- Use internal and external audit to improve its internal controls and performance

In order for the Chief Executive Officer to provide assurance on the above matters the following measures are in place:

- Delegated authorities are formally agreed by the Council under Financial Standing Orders. Part of these require CEO authorisation of all expenditure over £10,000 with three comparable quotations and a business plan required in respect of new projects with a value in excess of £10,000
- All payments are made from a single bank account or from approved centrally managed credit and debit cards
- An internal audit function performs regular reviews, following a three year audit plan based on the risk profile of the charity

REPORT OF THE COUNCIL YEAR ENDED 31 MARCH 2021

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Council as Trustees are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations. Charity law requires the Council to prepare financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under charity law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming resources for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgments 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 presume that the charity will continue to operate.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

A resolution to reappoint Mazars LLP will be tabled at the Annual Court.

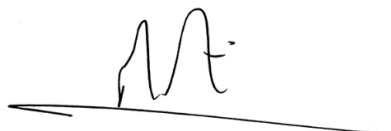
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

On behalf of the Board



Jeremy Penn
Council Member and Chairman



Martin Coles
Chief Executive Officer
& Grant in Aid Accounting Officer

21 July 2021

21 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinion

We have audited the financial statements of The Marine Society & Sea Cadets ('the parent charity') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 25, the Trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARINE SOCIETY & SEA CADETS

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:



Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 10 August 2021

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted	Restricted	Endowment	2021	2020
		Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations, legacies and other income	2	564	1,578	-	2,142	4,775
Charitable activities	3					
MOD grant in aid (for Sea Cadet activity)		-	11,111	-	11,111	10,893
Seafarer education and support		123	148	-	271	345
Sea Cadet Corps training		85	-	-	85	666
Offshore fleet income		8	-	-	8	214
		216	11,259	-	11,475	12,118
Other trading activities						
MSSC (Trading) Limited	8	17	-	-	17	89
Investments	4	604	21	-	625	792
TOTAL INCOME		1,401	12,858	-	14,259	17,774
EXPENDITURE ON:						
Raising funds						
Investment management						
Costs		48	-	-	48	52
MSSC (Trading) Limited		8	-	-	8	50
Donations and legacies ¹		290	-	-	290	223
		346	-	-	346	325
NET INCOME AVAILABLE FOR CHARITABLE ACTIVITIES		1,055	12,858	-	13,913	17,449

The notes on pages 35 to 54 form an integral part of these accounts

¹ Donations and legacies includes unrestricted costs of raising both unrestricted and restricted income.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted	Designated	Restricted	Endowment	2021	2020
		Funds £'000	Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
Charitable activities							
Safeguarding and supporting Sea Cadet activity and infrastructure		12		6,348	-	6,360	7,723
Sea Cadet Corps training		4		4,042	-	4,046	5,893
Offshore fleet		1		1,899	-	1,900	2,338
Professional seafarer education and support		335		379	-	714	581
Promoting the Marine Society & Sea Cadets		1		474	-	475	464
Total charitable activity costs		353		13,142	-	13,495	16,999
TOTAL EXPENDITURE	5	699		13,142	-	13,841	17,324
NET INCOME (EXPENDITURE) BEFORE INVESTMENT GAINS (LOSSES)		702		(284)	-	418	450
Net gains (losses) on investments	12	-		-	2,363	2,363	(1,340)
NET INCOME (EXPENDITURE)		702		(284)	2,363	2,781	(890)
Transfers between funds	17	(754)	837	(83)	-	-	-
NET MOVEMENT IN FUNDS		(52)	837	(367)	2,363	2,781	(890)
TOTAL FUNDS 1 APRIL 2020		1,770		15,744	15,036	32,550	33,440
TOTAL FUNDS 31 MARCH 2021	17	1,718	837	15,377	17,399	35,331	32,550

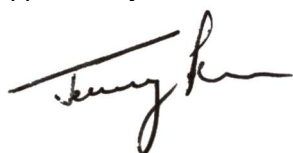
All amounts relate to continuing activities.

The notes on pages 35 to 54 form an integral part of these accounts

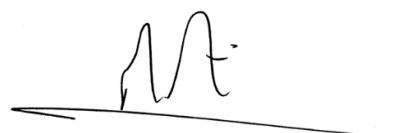
CONSOLIDATED BALANCE SHEET
31 MARCH 2021

			2021	2020
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		829	785
Tangible assets	11		9,244	9,818
Investments	12		19,495	22,094
			29,568	32,697
CURRENT ASSETS				
Stocks		628		569
Debtors	13	6,080		2,314
Cash at bank and in hand		4,991		734
		11,699		3,617
CREDITORS				
Amounts falling due within one year	14	(5,936)		(3,764)
NET CURRENT ASSETS (LIABILITIES)			5,763	(147)
NET ASSETS			35,331	32,550
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		531
Other		1,148		1,239
		1,718		1,770
Designated funds		837		
Restricted funds	15			
Fixed assets		9,503		10,072
Other		5,874		5,672
		15,377		15,744
Endowment funds	16		17,399	15,036
	17		35,331	32,550

Approved by the Trustees on 21 July 2021 and signed on their behalf:



Jeremy Penn
Council Member & Chairman



Martin Coles
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 35 to 54 form an integral part of these accounts

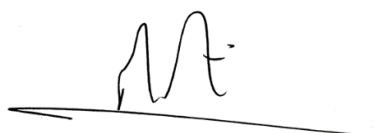
CHARITY BALANCE SHEET
31 MARCH 2021

			2021	2020
	Notes	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10		829	785
Tangible assets	11		9,244	9,818
Investments	12		19,500	22,099
			29,573	32,702
CURRENT ASSETS				
Stocks		628		569
Debtors	13	6,090		2,303
Cash at bank and in hand		4,969		704
		11,687		3,576
CREDITORS				
Amounts falling due within one year	14	(5,934)		(3,763)
NET CURRENT ASSETS (LIABILITIES)			5,753	(187)
NET ASSETS			35,326	32,515
THE FUNDS OF THE CHARITY				
Unrestricted funds				
Fixed assets		570		531
Other		1,143		1,204
		1,713		1,735
Designated funds		837		
Restricted funds	15			
Fixed assets		9,503		10,072
Other		5,874		5,672
		15,377		15,744
Endowment funds	16		17,399	15,036
	17		35,326	32,515

Approved by the Trustees on 21 July 2021 and signed on their behalf:



Jeremy Penn
Council Member & Chairman



Martin Coles
Chief Executive Officer & Grant in Aid Accounting Officer

The notes on pages 35 to 54 form an integral part of these accounts

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash (used by)/provided by operating activities	(a)	(941)	293
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	4	1	9
Investment income	4	624	783
Purchase of tangible fixed assets	11	(393)	(2,248)
Proceeds from sale of tangible fixed assets		5	-
Purchase of investments	12	(9,483)	(12,509)
Proceeds from sale of investments	12	14,444	11,431
Net cash generated by/(used in) investing activities		5,198	(2,534)
INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND IN THE YEAR		4,257	(2,241)
CASH AT BANK AND IN HAND 1 APRIL 2020		734	2,975
CASH AT BANK AND IN HAND 31 MARCH 2021		4,991	734

NOTES TO CASH FLOW STATEMENT

		2021 £'000	2020 £'000
(a) Reconciliation of net income (expenditure) to Net cash flows from operating activities			
Net income/(expenditure)		2,781	(890)
Depreciation	10 & 11	988	862
(Gains)/losses on investments	12	(2,363)	1,340
Loss on the sale of tangible fixed assets		(5)	-
(Increase) in stocks		(59)	(167)
(Increase)/Decrease in debtors		(3,766)	480
Increase/(Decrease) in creditors		2,108	(540)
Interest received and investment income	4	(625)	(792)
Net cash (used by)/provided by operating activities		(941)	293

The notes on pages 35 to 54 form an integral part of these accounts

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2021

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 Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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 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 results of the charity and its subsidiaries are consolidated on a line by line basis after intercompany transactions and balances have been eliminated.

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.

Whilst one of the main charitable purposes of the Fund is to support the activities of Sea Cadets and seafarers, the level of this necessary expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Group's working capital and capital expenditure requirements. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

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.

Legacies are recognised at the earlier of receipt, completion of estate accounts or notification by the executors of an estate of a distribution.

Income received from the sale of goods and service is recognised in the year the sale occurs or the good is provided. Income from training, events and offshore activities is recognised in the year the activity or event is delivered.

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (CONTINUED)

c) Expenditure

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

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 on the basis of headcount (see note 9). Irrecoverable VAT is included in support costs as an overhead cost.
- 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) Definition of liquid resources

Liquid resources included on the cash flow statement are those held as cash at bank and in hand.

f) 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. The charity also makes contributions to a multi-employer defined benefit scheme in respect of former employees. These amounts are also written off as incurred together with any known commitments to fund the deficit of the scheme, where they relate to past service.

g) Intangible and tangible fixed assets

Capital items with a value over £5,000 are treated as fixed assets. Depreciation / amortisation is provided on all fixed assets to write off the cost of these assets over their expected useful life. The following straight line depreciation rates have been used:

Freehold buildings	1.66%	Boats and dinghies	10%
Freehold improvements	10%	Motor vehicles	25%
Leasehold improvements	Lease term	Furniture, Fixtures & Fittings	20%
Training ships and yachts	5%	Computers & software	25%

h) 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. The Trustees review the valuation of property investments for impairment every year and revalue the investments on a market basis at least every five years.

i) Stocks

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

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (CONTINUED)

j) Endowment and Restricted Funds

Restricted funds represent gifts or grants, which can only be applied for a purpose specified by the donor or grantor. All monies received from the MOD are treated as restricted funds. These amounts are carried forward as deferred income where there is a restriction on when monies can be spent.

Designated funds for investments in boat stations and outreach work have been set up.

Endowment funds are classified as either permanent - 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. Alternatively, they may be expendable if they relate to those that were given where the intention was clearly for the donation to be held for the longer term but where the funds are ultimately expendable.

k) Heritage assets

The charity has received donations of various naval and maritime paintings and artefacts over its 265 year history. A number of these are housed at the National Maritime Museum in Greenwich. These assets are retained for their historical and cultural significance in relation to the work of the charity, which illustrate and show the unique service the charity has given to the nation. The assets are not held on the balance sheet as they were either donated or have long since been written off, and are not held for their financial value, however the assets were valued for insurance purposes during the financial year, with a total valuation of £617K.

It is not the policy of the charity to obtain further artefacts but to preserve those of heritage significance that it owns, which it does with the help of the National Maritime Museum. Alongside the planned relocation of the national offices of the charity, the Trustees reviewed the artefacts held and determined those that should be held for posterity, those that should be gifted to relevant museums and those to be sold. Effecting this is ongoing. No material artefacts have been acquired in the last five years.

l) 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 assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors, and accrued income. Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals. Income arising from financial assets, comprising bank interest is recognised within income and expenditure.

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. Investments in subsidiaries are held at cost less impairment.

m) Post balance sheet event

On 9th July 2021 the charity acquired a long leasehold property in Southwark for a net consideration of £3.764m plus VAT, including consideration for transfer by the charity of a small parcel of freehold land as part of the transaction. This will be used as the headquarters building for the charity going forward. The full amount is held in Prepayments (Note 13).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

2. DONATIONS, LEGACIES AND OTHER INCOME

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
2020/21 analysis of income				
Donations and subscriptions	48	-	-	48
Legacies	2	-	-	2
Grants – MOD Cadet Expansion Programme	-	-	-	-
Other Major Grants ¹	-	1,100	-	1,100
Boat station appeals	-	25	-	25
Westminster Development Donations	-	-	-	-
Bursaries ²	-	67	-	67
Other restricted funds ⁴	-	261	-	261
Coronavirus job retention scheme	355	-	-	355
Areas, Branches and Other Income	159	125	-	284
	564	1,578	-	2,142
2019/20 analysis of income				
Donations and subscriptions	57	-	-	57
Legacies	8	-	-	8
Grants – MOD Cadet Expansion Programme	-	1,252	-	1,252
Other Major Grants ¹	-	1,063	-	1,063
Boat Station Appeals	-	200	-	200
Westminster Development Donations	-	820	-	820
Bursaries ²	-	303	-	303
Other restricted funds ⁴	-	225	-	225
Areas, Branches and Other Income	551	296	-	847
	616	4,159	-	4,775

Other Major Grants ¹

Includes grants from The Seafarers' Charity (including the Marine Engineering Pods Project (MEP)), Trinity House Maritime Charity (for premises), MOD (grant in aid and for foul weather jackets), International Foundation for Aids to Navigation (IFAN) (Learn@Sea) and Ufi Trust (Sea Cadets Portal). Swire Charitable Trust (Boat station appeals).

Bursaries ²

Include major donations from the Association of Sail Training Organisations (for offshore support during the pandemic) and Greenwich Hospital.

Other Restricted Funds⁴

Include major donations from the Michael Uren Foundation, Maritime Educational Foundation, International Transport Workers Federation (ITF) Seafarers Trust and Dulverton Trust.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2021	2021	2021	<i>2020</i>	<i>2020</i>	<i>2020</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
MOD grant in aid (for Sea Cadet activity)	-	11,111	11,111	-	10,893	10,893
Seafarer education and support	123	148	271	201	144	345
Sea Cadet Corps training	85	-	85	666	-	666
Offshore fleet income	8	-	8	214	-	214
	216	11,259	11,475	<i>1,081</i>	<i>11,037</i>	<i>12,118</i>

In addition to the MOD grant in aid (for Sea Cadet activity), the charity receives significant support in kind from the MOD. Eleven Royal Navy personnel are provided on loan, at an estimated value to the charity of £600K. Six area offices, three Sea Cadet training centres, Sea Cadet stores, the offshore offices and berthing facilities are also provided at MOD premises, together with ad hoc use of MOD training estate. Fuel for the offshore vessels from Royal Navy sources, some uniforms and various specialist stores items are also provided by the Royal Navy.

The Trustees have considered the very significant difficulties in undertaking a valuation of this support in kind, including whether a reliable, objective valuation would be possible, and the very significant costs which would be involved. They have concluded that the costs involved in undertaking the valuation would not be justified by the benefits to the users of the accounts in terms of their better understanding of the resources available to the charity and to the charity itself from having this financial information.

4. INVESTMENTS

	Unrestricted	Restricted	Total	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	2021	2021	2021	<i>2020</i>	<i>2020</i>	<i>2020</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment income (excluding Rental income)	343	20	363	509	29	538
Rental income	261	-	261	245	-	245
Bank interest		1	1	-	9	9
	604	21	625	<i>754</i>	<i>38</i>	<i>792</i>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

5. ANALYSIS OF EXPENDITURE

	Unrestricted 2021	Restricted 2021	Total 2021	<i>Unrestricted 2020</i>	<i>Restricted 2020</i>	<i>Total 2020</i>
	£'000	£'000	£'000	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investment management fees	48	-	48	52	-	52
Fundraising	290	-	290	223	-	223
MSSC (Trading) Limited	8	-	8	50	-	50
Safeguarding and supporting Sea Cadet activity and infrastructure	12	6,348	6,360	980	6,743	7,723
Sea Cadet Corps training	4	4,042	4,046	672	5,221	5,893
Offshore fleet	1	1,899	1,900	227	2,111	2,338
Professional seafarer education and support	335	379	714	334	247	581
Promoting Sea Cadet activity	1	474	475	53	411	464
	699	13,142	13,841	2,591	14,733	17,324

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2020/21 analysis of costs					
Investment management fees	-	-	48	-	48
Fundraising	-	179	57	54	290
MSSC (Trading) Limited	-	-	8	-	8
Safeguarding and supporting Sea Cadet activity and infrastructure	660	3,186	1,309	1,228	6,383
Sea Cadet Corps training	203	1,524	1,525	783	4,035
Offshore fleet	291	659	603	338	1,891
Professional seafarer education and support	59	265	296	94	714
Promoting Sea Cadet activity	-	169	236	67	472
	1,213	5,982	4,082	2,564	13,841

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2020

5. ANALYSIS OF EXPENDITURE (CONTINUED)

	Grants	Direct Salary Costs	Other	Support costs (note 7)	Total
	£'000	£'000	£'000	£'000	£'000
2019/20 analysis of costs					
Investment management fees	-	-	52	-	52
Fundraising	-	122	50	51	223
MSSC (Trading) Limited	-	-	50	-	50
Safeguarding and supporting Sea Cadet activity and infrastructure	727	3,166	2,671	1,159	7,723
Sea Cadet Corps training	610	1,647	2,825	811	5,893
Offshore fleet	150	815	1,090	283	2,338
Professional seafarer education and support	7	246	225	103	581
Promoting Sea Cadet activity	-	169	231	64	464
	<u>1,494</u>	<u>6,165</u>	<u>7,194</u>	<u>2,471</u>	<u>17,324</u>

Other costs include all direct expenditure in relation to areas, branches, onshore and offshore activities.

6. GRANTS PAYABLE

Grants payable were as follows:

	2021 £'000	2020 £'000
Grants to institutions	878	679
Grants to individuals	586	815
	<u>1,464</u>	<u>1,494</u>

Individual grants given are small and not material within the overall total.

Grants to institutions comprise grants made to Sea Cadet units to reimburse expenditure. Grants to individuals comprise grants to Sea Cadet volunteers of allowances and reimbursement of expenses. As a part of the charity's response to Covid-19, a number of emergency grants were made to cadets and volunteers challenged by affordability to enable digital connectivity to Virtual Sea Cadets.

Support costs in relation to grants payable are included within note 7 below.

Grants payable at the year-end are included with creditors (see note 14).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

7. SUPPORT COSTS

The support costs of the charity consist of four elements: Management, Finance & Digital, Premises, and Human Resources. These costs have been apportioned across the work of the charity on the basis of staff numbers in each functional area. The apportioned costs are set out below:

					2021	2020
	Manage- ment	Finance and Digital	Premises	Human Resour- ces	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising	4	29	12	9	54	51
Safeguarding and supporting Sea Cadet activity and Infrastructure Sea Cadet Corps training	94	653	272	209	1,228	1,159
Offshore fleet	60	416	174	133	783	811
Professional seafarer education and support	26	180	75	57	338	283
Promoting Sea Cadet activity	7	50	21	16	94	103
	5	36	15	11	67	64
2021	<u>196</u>	<u>1,364</u>	<u>569</u>	<u>435</u>	<u>2,564</u>	<u>2,471</u>
2020	<u>243</u>	<u>1,304</u>	<u>390</u>	<u>534</u>	<u>2,471</u>	

Included within Support costs are salary costs of £1,1227K (2020: £1,019K).

Irrecoverable VAT costs included within Support costs amounted to £451K (2020: £351K).

Total Governance costs included in Support were £156K (2020: £151K). These included auditors' fees for external audit £18K (2020: £19K) and tax advice £nilK (2020: £2K).

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2021

8. SUBSIDIARY ORGANISATIONS

The Sea Cadet Association is a charitable company registered in England and Wales (company number Number 404951 and Charity Number 306141). The charity was dormant in the current year and both net income and net assets/funds for the year were £nil (2020: net income and net assets/funds: £nil). The organisation is retained as it is counterparty to a number of leases held by Sea Cadet units and also acts as a vehicle for the receipt of occasional legacies.

MSSC (Trading) Limited is registered in England with company number 9476222. The charity has a £5K (2020: £5K) investment in MSSC (Trading) Limited (note 12), representing 100% of the issued share capital of that company. The results of the company for the year and its balance sheet at the year end were as below. The company made a charitable donation in the year of £35K (2020: £37k) to the charity. The company anticipates making a charitable donation to the charity of £5K in 2020/21 based on profits earned in 2020/21. Year-end net assets stand at £10K (2020: £40K).

	2021 £'000	2020 £'000
Turnover	17	89
Purchases for resale	-	(48)
Other operating charges	(12)	(6)
Profit on Ordinary Activities before taxation	5	35
Taxation	-	-
Profit on Ordinary Activities after taxation	5	35
Retained profit at 1 April 2020	35	37
Charitable donation to the Marine Society & Sea Cadets	(35)	(37)
Retained profit at 31 March 2021	5	35
	2021 £'000	2020 £'000
Current Assets		
Debtors	1	40
Cash at bank and in hand	22	30
	23	70
Creditors		
Amounts falling due within one year	(13)	(30)
Net Current Assets	10	40
Net Assets	10	40
Capital and Reserves		
Called up share capital	5	5
Profit and loss account	5	35
	10	40

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

9. STAFF COSTS	2021	2020
	£'000	£'000
Wages and salaries	6,121	6,279
Social security costs	567	568
Pension fund contributions	402	400
Health insurance	120	98
	7,210	7,345

The average head count was 217 staff (2020: 227) and the average full time equivalent numbers of employees were as follows:

	2021	2020
Fundraising	4	4
Supporting Sea Cadet activity and infrastructure	91	90
Sea Cadet training	58	63
Offshore fleet	25	22
Promoting Sea Cadet activity	5	5
Seafarer education and support	7	8
	190	192

Included within staff costs are £1,227K (2020: £1,019K) support costs and £nilK (2020: £161K) costs capitalised within Fixed Assets.

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the seven (2020: seven) Directors in post (senior management team) listed under Executive Management on page 55. Their total remuneration, (including those not in post at the year-end), including social security costs and pension contributions was £721K (2020: £692K). This increase is due to investment in the Director of Marine Society who moved from a consultant to a Director in 2020/21. The Trustees did not receive any remuneration from the charity during the year but were reimbursed for some travel costs, where they chose to claim. No (2020: two) Trustees claimed travelling expenses totalling £nilK (2020: £1K).

Eight employees earned over £60K (2020: six). Bandings, inclusive of allowances (where payable) were:

	2021	2020
£60K - £70K	3	4
£70K - £80K	3	1
£80K - £90K	1	-
£90K - £100K	-	-
£110K - £120K	*1	*1

* These figures include pension allowances paid to one individual (2020: one) in lieu of employer pension contributions that would otherwise be payable but not shown within remuneration.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

10. INTANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Computers & software	Total
	£'000	£'000
COST		
At 1 April 2020	1,312	1,312
Additions in period	229	229
Disposals in period	-	-
At 31 March 2021	1,541	1,541
AMORTISATION		
At 1 April 2020	527	527
Provision in period	185	185
Disposals in period	-	-
At 31 March 2021	712	712
Net book value		
At 31 March 2021	829	829
<i>Net book value</i>		
<i>At 31 March 2020</i>	<i>785</i>	<i>785</i>

Above includes £100K (2020: £647K) in respect of assets under construction.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

11. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Freehold building	Building improve- ments	Ships & boats	Furniture & fittings	Motor vehicles	Computers	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST							
At 1 April 2020	718	4,010	10,700	311	387	57	16,183
Additions in period	-	173	-	19	12	25	229
Disposals in period	-	-	-	-	(8)	-	(8)
At 31 March 2021	718	4,183	10,700	330	391	82	16,404
DEPRECIATION							
At 1 April 2020	592	1,210	3,872	304	332	55	6,365
Provision in period	12	151	598	6	35	1	803
Disposals in period	-	-	-	-	(8)	-	(8)
At 31 March 2021	604	1,361	4,470	310	359	56	7,160
Net book value							
At 31 March 2021	114	2,822	6,230	20	32	26	9,244
<i>Net book value</i>							
<i>At 31 March 2020</i>	<i>126</i>	<i>2,800</i>	<i>6,828</i>	<i>7</i>	<i>55</i>	<i>2</i>	<i>9,818</i>

Building improvements include assets under construction £178K (2020: £1,665K).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021
12. INVESTMENTS
GROUP INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Total £'000
Fair value at 1 April 2020	16,008	1,200	4,886	22,094
Additions at cost	9,297	-	-	9,297
Disposal proceeds	(9,922)	-	-	(9,922)
Movement in Cash	-	-	(4,337)	(4,337)
Gain for the year	2,363	-	-	2,363
Fair value at 31 March 2021	<u>17,746</u>	<u>1,200</u>	<u>549</u>	<u>19,495</u>

CHARITY INVESTMENTS

	Investment Portfolio £'000	Properties £'000	Cash £'000	Subsidiary £'000	Total £'000
Fair value at 1 April 2020	16,008	1,200	4,886	5	22,099
Additions at cost	9,297	-	-	-	9,297
Disposal proceeds	(9,922)	-	-	-	(9,922)
Movement in Cash	-	-	(4,337)	-	(4,337)
Gain for the year	2,363	-	-	-	2,363
Fair value at 31 March 2021	<u>17,746</u>	<u>1,200</u>	<u>549</u>	<u>5</u>	<u>19,500</u>

All investments are held in the UK. There are three single investments in excess of 5% of the portfolio, Barclays 2.375% 2023 Gilts (5.5%), Findlay Park American USD Fund (5.5%) and Vanguard Funds Plc S&P 500 (5.1%). No amounts were invested directly in overseas' equities. The subsidiary investment is in MSSC (Trading) Limited, note 8. The cost of the Investment Portfolio including cash was £14,681K (2020: £19,167K).

Fund analysis of gains and (losses):

	2021 £'000	2020 £'000
Endowment (note 17)	<u>2,363</u>	<u>(1,340)</u>
Total gains (losses)	<u>2,363</u>	<u>(1,340)</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

13. DEBTORS

	Group 2021	<i>Group 2020</i>	Charity 2021	<i>Charity 2020</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	85	<i>104</i>	85	<i>93</i>
Amounts due from MSSC (Trading) Ltd	-	<i>-</i>	10	<i>-</i>
Loans	20	<i>51</i>	20	<i>51</i>
Other taxation and social security	61	<i>69</i>	61	<i>69</i>
Other debtors	245	<i>745</i>	245	<i>745</i>
Prepayments	5,554	<i>1,127</i>	5,554	<i>1,127</i>
Accrued income	115	<i>218</i>	115	<i>218</i>
	6,080	<i>2,314</i>	6,090	<i>2,303</i>

£5,387K (2020: £970K) of Prepayments are held by our solicitors for payment for the new building in Lambeth Road.

14. CREDITORS: Amounts falling due within one year

	Group 2021	<i>Group 2020</i>	Charity 2021	<i>Charity 2020</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	432	<i>555</i>	432	<i>555</i>
Amount due to MSSC (Trading) Ltd	-	<i>-</i>	-	<i>1</i>
Other taxation and social security	257	<i>220</i>	257	<i>220</i>
Grants payable	1,423	<i>778</i>	1,423	<i>778</i>
Other creditors	414	<i>126</i>	412	<i>124</i>
Pension provision (note 20)	-	<i>110</i>	-	<i>110</i>
Accruals	1,068	<i>813</i>	1,068	<i>813</i>
Deferred income	2,342	<i>1,162</i>	2,342	<i>1,162</i>
	5,936	<i>3,764</i>	5,934	<i>3,763</i>

£333K (2020: £1,312K) of Grants payable at 1 April 2020 were paid in the year, and £978K (2020: £662K) of further grants were provided during the year to 31 March 2021. Payment of grants made is mostly conditional on the balance of funding for property projects being raised by the grant recipient. £208K (2020: £143k) of accruals and £844K (2020: £855k) of deferred income balances at 1 April 2020 are included in creditors at 31 March 2021. These should be released in 2021/22.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

15. RESTRICTED FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance	Movement of funds			Transfer	Balance
		1 April 2020	Income	Expend- -iture	Income/ interest		31 March 2021
		£'000	£'000	£'000	£'000	£'000	£'000
MOD	The Sea Cadet Corps	-	11,111	11,028	-	(83)	-
Various	Offshore ships and boats	6,793	1	495	-	-	6,299
Various	Sea Cadet training	1,382	367	421	-	-	1,328
Various	Cadet expansion Programme	4,585	-	76	1	-	4,510
Various	Sea Cadet unit grants	1,313	790	730	-	-	1,573
Various	Area Sea Cadet Training	927	157	148	9	-	945
Various	Seafarer training	263	375	379	2	-	261
Various	Bursaries	325	36	65	2	-	298
Corbyn Memorial Fund	London Nautical School	45	-	-	5		50
Thomas Gray Memorial Trust	Maritime Science and Technology	37	-	-	2		39
Various	Other	74	-	-	-		74
		15,744	12,837	13,142	21	(83)	15,377

(continued)

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

15. RESTRICTED FUNDS (GROUP AND CHARITY) (2019/20)

Donor	Purpose	Balance 1 April 2019	Movement of funds			Balance 31 March 2020
		£'000	Income £'000	Expend- iture £'000	Income/ interest £'000	£'000
MOD	The Sea Cadet Corps	-	10,893	(10,893)	-	-
Various	Offshore ships and boats	7,252	143	(603)	1	6,793
Various	Sea Cadet training	1,602	1,476	(1,697)	1	1,382
Various	Cadet expansion Programme	3,767	1,253	(439)	4	4,585
Various	Sea Cadet unit grants	1,294	523	(506)	2	1,313
Various	Area Sea Cadet Training	818	343	(248)	14	927
Various	Seafarer training	251	259	(249)	2	263
Various	Bursaries	113	306	(98)	4	325
Corbyn Memorial Fund	London Nautical School	38	-	-	7	45
Thomas Gray Memorial Trust	Maritime Science and Technology	34	-	-	3	37
Various	Other	74	-	-	-	74
		<u>15,243</u>	<u>15,196</u>	<u>(14,733)</u>	<u>38</u>	<u>15,744</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

16. ENDOWMENT FUNDS (GROUP AND CHARITY)

Donor	Purpose	Balance 1 April 2020 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2021 £'000
Corbyn Memorial Fund	Grants and payments to members of London Nautical School	203	26	-	229
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	97	13	-	110
Destitute Sailors Fund	Assisting distressed merchant seamen	60	8	-	68
Various	Providing subsidised berths and awards to Sea Cadets	478	61	-	539
Expendable Endowed Funds	Held for general purposes	14,198	2,255	-	16,453
		15,036	2,363	-	17,399

Donor	Purpose	Balance 1 April 2019 £'000	Movement of funds Investment returns £'000	Donations/ (transfers) £'000	Balance 31 March 2020 £'000
Corbyn Memorial Fund	Grants and payments to members of London Nautical School	216	(13)	-	203
Thomas Gray Memorial Trust	Advancement of Maritime Technology and Science	104	(7)	-	97
Destitute Sailors Fund	Assisting distressed merchant seamen	64	(4)	-	60
Various	Providing subsidised berths and awards to Sea Cadets	509	(31)	-	478
Expendable Endowed Funds	Held for general purposes	15,548	(1,285)	(65)	14,198
		16,441	(1,340)	(65)	15,036

(continued)

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

16. ENDOWMENT FUNDS (GROUP AND CHARITY) (CONTINUED)

The transfers from endowed funds to unrestricted funds in 2020 are the element of the group and charity's investment returns that are used to fund the on-going operations of the group and charity over and above investment income actually received.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP				
	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
2021				
Restricted funds	9,503	-	5,874	15,377
Endowment funds	-	17,399	-	17,399
Designated funds	-	-	837	837
Unrestricted funds	570	2,106	(958)	1,718
Total	10,073	19,505	5,753	35,331
2020				
Restricted funds	10,072	-	5,672	15,744
Endowment funds	-	15,036	-	15,036
Unrestricted funds	531	7,058	(5,819)	1,770
Total	10,603	22,094	(147)	32,550
CHARITY				
2021	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	9,503	-	5,874	15,377
Endowment funds	-	17,399	-	17,399
Designated funds	-	-	837	837
Unrestricted funds	570	2,101	(958)	1,713
Total	10,073	19,500	5,753	35,326
(continued)				

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2021

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

2020	Intangible & tangible fixed assets £'000	Investments £'000	Net current assets and long term liabilities £'000	Total £'000
Restricted funds	10,072	-	5,672	15,744
Endowment funds	-	15,036	-	15,036
Unrestricted funds	531	7,063	(5,859)	1,735
Total	<u>10,603</u>	<u>22,099</u>	<u>(187)</u>	<u>32,515</u>

The group's liquid free reserves (see reserves policy) total £1,897K (2020: £1,239K) (unrestricted investments less unrestricted net current assets and long term liabilities).

18. TAXATION

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

19. PENSION SCHEMES (GROUP AND CHARITY)

A number of former employees of the former Marine Society and of the Sea Cadet Association are members of the Merchant Navy Officers Pension Fund - MNOF (New Section). The fund is active, though closed to future accrual on 31 March 2016. However, the MSSC continues to have a share of the net deficit in the fund.

The triennial valuation as at 31 March 2018 valued assets in the scheme at £3,278M and the liabilities at £3,351M giving a rise to a scheme wide deficit of £73M. As at the date of the 2018 valuation, the value of future instalments of 2009 and 2012 deficit contributions stood at £64M, resulting in an adjusted deficit of £9M.

The Trustees have put a recovery plan in place in respect of the MSSC's share of the 2009-12 deficits, involving additional contributions to 30 September 2023. MSSC's share of the liability has now been paid.

All current employees are members of a contract based defined contribution scheme. £400K (2019: £370K) was paid by the charity during the year of which £34K (2019: £32K) was outstanding at the year end and included in creditors.

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2021

20. RELATED PARTY TRANSACTIONS (CHARITY)

The Chief Executive Officer is an ex officio trustee/director of the Royal Albert Dock Trust and (up to 23 June 2021) also of Youth United Foundation (YUF). During the year, the charity received grant income totalling £nil (2019: £421k) and rental income from YUF of £13K (2019: £29K). £2K (2019: £10K) outstanding at the year end has been received since the year end. During the year, the charity paid rent to the Royal Albert Dock Trust's London Regatta Centre totalling £18K (2019: £19K). No amounts were outstanding to the charity at 31 March 2021.

Four of the Trustees of the charity are trustees of Trinity House Maritime Charity. During the year the charity received a grant of £130K (2019: £110K) from the Trinity House Maritime Charity. No amounts were outstanding to the charity at the year end.

One of the Trustees was appointed Chairman of IFAN maritime in November 2019. They support MSSC on various educational projects, during the year the charity received a grant of £70K (2019: £nil).

One of the Trustees is an Associate Member of Stelios Philanthropic Foundation who has supported two Sea Cadets projects, £60k for RS21s and £30k for On the Water.

Four Trustees, the Chief Executive Officer and another Director are members of the Company of Shipwrights who have funded £14k for bursaries.

The charity was paid £4K (2019: £4K) for management and accounting services from its subsidiary undertaking MSSC (Trading) Limited (note 8). A charitable donation amounting to £37K (2019: £nil) was received from the subsidiary. The charity anticipates receiving a charitable donation from the subsidiary of £35K in 2020/21 based on profits earned by the company in 2019/20. At the year end, the charity owed £1K (2019: due £3K) to the subsidiary and this amount is included in charity creditors, (2019: charity debtors)

One Trustee of the charity, Simon Figgis, and two employees, Jenny Howard and Paul Wilkinson, are directors of MSSC (Trading) Limited. Two Trustees, Robert Woods CBE and Louise Bennett, are directors of the Sea Cadet Association.

21. STATUTORY INFORMATION

The Marine Society and Sea Cadets (MSSC) is a charity registered with the Charity Commission in England and Wales (registration number 313013) and with the Office of the Scottish Charity Regulator (registration number SC037808). The registered office is 202 Lambeth Road, London SE1 7JW.

COUNCIL MEMBERS AND EXECUTIVE MANAGEMENT YEAR ENDED 31 MARCH 2021

Council members and executive management during the year, and as at the date of this report, were:

PRESIDENT: Admiral Sir Mark Stanhope GCB OBE DL

COUNCIL MEMBERS

The Council members who served during the year were:

Robert Woods CBE (Chair) ² (retired 25 November 2020)

Jeremy Penn ^{1, 2, 3}, (elected 25 November 2020)

Liz Cassidy (Vice Chair) ^{1, 2}

Dr Louise Bennett ^{1, 2, 3}

Simon Figgis ^{1, 3}

Dr Sheila Fitzpatrick MBE ^{3, 5} (retired 13 October 2020)

Lt Cdr (SCC) Jason Kinghorn RNR ^{2, 3}

Alan Marsh MBE FICS ¹

Nick Mason ^{1, 2}

John May OBE DL ^{2, 3}

Sir Alan Massey KCB CBE ¹

Captain Ian McNaught CVO MNM

Commodore W M Walworth CBE MNM ⁴, (retired 13 October 2020)

Vice Admiral Sir Jonathan Woodcock KCB OBE ^{2, 3}

David Derbyshire ³

Léonie Austin²

David Dingle CBE^{1,2} (elected 13 October 2020)

Jonathan Robertshaw ^{1,2} (elected 13 October 2020)

Michael Schofield ^{2, 3} (elected 13 October 2020)

Gareth Hampton – Youth Committee member (appointed 22 December 2020) ^{1,2}

Laurelle Brant - Youth Committee member (appointed 22 December 2020) ^{2,3}

Council Members are members of the following committees as annotated above.

- ¹ The Finance, Investment, Remuneration and Audit Committee
- ² The Policy Development and Nominations Committee
- ³ The Safety, Safeguarding & Risk Committee
- ⁴ The National Sea Cadet Advisory Council
- ⁵ The National Sea Cadet Forum

EXECUTIVE MANAGEMENT

Chief Executive Officer

Captain Sea Cadets & Director of Operations*

Director of Finance & Digital and Company Secretary

Director of Policy & Young People Support

Director of Volunteer Support & Outreach

Director of Sea Cadet Learning

Director of Fundraising and Communications

Director of Human Resources

Director of Maritime Training and Development

Martin Coles FRICS ACI Arb

Captain Philip Russell RN

Jenny Howard

Veronika Neyer

Paul Wilkinson

Heather Williams

Daniel McAllister

Petrina Brooker

Darrell Bate (joined 1st September 2020)

* provided on loan from the Royal Navy

**PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2021**

The principal professional advisers during the year were:

Auditors:	Mazars 2 nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton SM1 4FS
Bankers:	Barclays Bank plc 1 Churchill Place London E14 5HP National Westminster Bank plc 250 Regent Street London W1B 3BN Royal Bank of Scotland plc 62-63 Threadneedle Street London EC2R 8HP
Investment Advisers and Custodians:	Investec Wealth & Investment Ltd 2 Gresham Street London EC2V 7QN KW Investment Management Ltd 13 Austin Friars London EC2N 2HE
Legal advisers:	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH Moon Beever 21A John Street London WC1N 2BF Russell Cooke 2 Putney Hill London SW15 6BA
Insurance Brokers:	Arthur J. Gallagher Insurance Brokers The Walbrook Building 25 Walbrook London EC4N 8AW
Pension Advisers:	Mercer Limited 1 Tower Place West, Tower Place, London, EC3R 5BU
Registered Office:	202 Lambeth Road London SE1 7JW ms-sc.org