

# **Church of England Soldiers', Sailors' and Airmen's Clubs**

(Short Title: CESSAC)

Registered and Principal Office: 1 Shakespeare Terrace, 126 High Street, Portsmouth PO1 2RH

**Company limited by Guarantee - Company No.34118 (England)**  
**Registered Charity No.226684**

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## **FINANCIAL STATEMENTS**

### **FOR**

### **YEAR ENDED 31st DECEMBER 1998**



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MEMBERS OF THE COUNCIL OF CESSAC (The Trustees) (at 31 December 1998)		
Rear Admiral A G Watson, CB	(President)	Retired Naval Officer
Brigadier C A Brown	(Chairman)	Company Chairman
Rear Admiral J L Blackham, CB DL		Retired Naval Officer
Mr D W Russell		Solicitor
Captain G A Plumer, RN		Retired Naval Officer
Captain A J B Paterson, RN		Retired Naval Officer
Captain A C Long, RN		Retired Naval Officer
Mr R Ruston		Retired Quality Controller (Engineering)
Captain C A Pask, RN		Retired Naval Officer
Lieutenant Colonel (Retd) I J Hamilton, Royal Signals		Retired Army Officer
Air Commodore M J Allisstone, CBE		Retired Air Force Officer

<b>Commander T B O'Rourke, RN</b>	<b>General Secretary and Treasurer</b>
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Auditors	Solicitors	Bankers
Grant Thornton Enterprise House Isambard Brunel Road Portsmouth PO1 2RZ	Blake Laphorn Harbour Court, Compass Road North Harbour Portsmouth PO6 4ST	Lloyds Bank Plc 38 London Road Northend Portsmouth PO1 2RE

## REPORT OF COUNCIL

The Council comprises the directors of CESSAC, all of whom served throughout the year except for Air Commodore Allisstone who joined the Council on 12 November 1998. It presents this report together with the financial statements for the year ended 31 December 1998. The Council of CESSAC and the company's Auditors, Solicitors and Banker are listed on page 2.

### Charitable Company Status

The Church of England Soldiers', Sailors' and Airmen's Clubs (short title: CESSAC) is a Company limited by Guarantee and not having share capital, registered in England (Company No. 34118) and is a Registered Charity (No.226684) which does not trade for profit and is exempt Corporation Tax. Its Memorandum and Articles of Association govern the charitable company, including the appointment and reappointment of its members of Council. CESSAC is VAT-registered. (No. 675 8276 83).

### Objectives

CESSAC's objectives are the provision and management of sheltered housing in southern England for elderly ex Services people and their spouses, or their widows/widowers, and the operation of centres in military bases in support of the Active Services. CESSAC does not actively fund-raise.

### Activities during 1998

The present activities of the charitable company continue to be the provision of 14 sheltered flats at Glamis Court, Stubbington, the operation of the CESSAC Centres in Cyprus and at the Royal School of Signals (Blandford Camp), sheltered housing support and management service to Greenwich Hospital and certain charitable support for Service and ex-Service personnel and their dependants.

CESSAC's "Blue Sea" Centre in Dhekelia, Cyprus, was subject to a further stage of a long-running improvement and modernisation programme with the building of a new, larger office on the seaward side of the Centre in March. The Shop's four air conditioners were renewed in April and its magazine racking was increased by 100% in September. Other improvements included an upgrade of the telephone system (May), extension of the CCTV monitoring system and the installation of a second office computer (September).

"The Blue Sea" and the adjoining CESSAC beach were again popular with all Garrison personnel and their families, both being "Meeting Places for All".

The Centre generated some £26,000 surplus against a £24,000 deficit the previous year.

This year activities at CESSAC's "Rendezvous" Centre in Blandford Camp, Dorset were hampered when a large, NAAFI-operated restaurant opened in May 1998, within 20 yards of "The Rendezvous". This has had a significant impact on CESSAC's customer base and our Centre's overall deficit for 1998 totalled £8,763. Otherwise "The Rendezvous" remains popular, particularly with trainee classes taking short breaks between activities.

CESSAC's own flats at Glamis Court, Stubbington, and Greenwich Hospital's sheltered courts in Southsea and Saltash (fully managed by CESSAC) all received the usual regular upkeep to ensure they remain good homes for our elderly, ex-Service tenants. In particular a central Care Call system was brought into use at Greenwich Place, Saltash in May and a new Warden Call/Alarm system was installed at Greenwich Court, Southsea, in December.

Sheltered Housing activities produced a modest surplus of some £23,000.

### Charitable Donations Made

Grants made by CESSAC included the annual CESSAC Awards towards welfare support in the British Base, Dhekelia, Cyprus, Annual Study/Bursary Awards and grants given in support of CESSAC's and CESSA Housing Association's elderly ex-Service tenants by way of Christmas grants etc. CESSAC makes no political contributions.

### Further Housing Projects

CESSAC still seeks a site in the south of England (excluding the Greater Portsmouth area) – in a location of established need – for a further sheltered housing project of up to 35 flats in total. This would be expected to cost some £2.1 million. Specific site searches in the Blandford Forum area and enquiries of the West Dorset District Council produced no positive responses.

### Results

After a deficit of income over expenditure in 1997 of some £5,000, it is pleasing to note a 1998 surplus of some £50,000 before the unrealised gains on investments are added.

### Council's Responsibilities for the Financial Statements

Company law requires the members of Council to prepare financial statements for each financial year, which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the members of Council should follow best practice and:

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

The members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain the financial position of the charitable company and to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Accounting for Year 2000

CESSAC's accounting and financial computerised systems are Year 2000 compliant. Written assurances have been received from installing/servicing companies that all support equipment, alarms, lifts etc are also Year 2000 compliant.

### Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF COUNCIL



Brigadier C A BROWN  
CHAIRMAN  
13 May 1999

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1998**

**REPORT OF THE AUDITORS TO THE MEMBERS OF THE CHURCH OF ENGLAND  
SOLDIERS', SAILORS' AND AIRMEN'S CLUBS (CESSAC)**

We have audited the financial statements on pages 6-12 which have been prepared under the accounting policies set out on pages 8-9.

**Respective Responsibilities of the Council and Auditors**

As described on page 4, the members of Council, who are also the directors of CESSAC for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

**Basis of Opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 1998 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**Portsmouth  
13th May 1999**




**BALANCE SHEET AT 31 DECEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1998</u>	<u>1997</u>	<u>1997</u>
	<u>es</u>	£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	12		596,445		602,419
Investments	15		<u>1,911,786</u>		<u>1,709,458</u>
<b>Total Fixed Assets:</b>			<u>2,508,231</u>		<u>2,311,877</u>
<b>Current Assets</b>					
Stock - at cost		77,254		55,772	
Debtors	13	2,785		6,313	
Cash at bank, short term deposits & in hand		<u>542,381</u>		<u>485,898</u>	
		622,420		547,983	
<b>Creditors:</b>					
amounts falling due within one year	14	<u>(59,544)</u>		<u>(49,283)</u>	
<b>Net Current Assets:</b>			<u>562,876</u>		<u>498,700</u>
<b>NET ASSETS</b>			<u><u>3,071,107</u></u>		<u><u>2,810,577</u></u>

**Funds (all unrestricted)**

Revenue Reserve	16	2,421,107	2,160,577
Designated Housing Reserve	16	600,000	600,000
Designated Maintenance Reserve	16	<u>50,000</u>	<u>50,000</u>
		<u><u>3,071,107</u></u>	<u><u>2,810,577</u></u>

The financial statements were approved by the Council of CESSAC on 13th May 1999 and were signed on its behalf by:

(A C LONG) Council Member

(C A BROWN) Chairman and Council Member

(T B O'ROURKE) General Secretary and Treasurer

The accompanying Accounting Policies and Notes form an integral part of these Financial Statements.

**STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended 31 December 1998

	<i>Notes</i>	<u>Unrestricted</u> <u>Funds</u> <u>1998</u> £	<u>Unrestricted</u> <u>Funds</u> <u>1997</u> £
<b>Income and Expenditure</b>			
<b>Incoming Resources</b>			
Income from charitable trading activities		656,839	543,557
Investment Income		52,784	50,357
Subscriptions and donations		554	1,222
Rents receivable – Sheltered Housing		40,909	39,363
Other Income		29,525	29,441
<b>Total Incoming Resources</b>		<u>780,611</u>	<u>663,940</u>
<b>Resources Expended</b>			
Direct Charitable Expenditure	3	642,269	578,795
Sheltered Housing for the Elderly	4	16,923	18,389
Fundraising and Publicity	5	673	434
Management and administration of the charity	6	62,397	61,893
Grants and donations		8,228	9,395
<b>Total Resources Expended</b>		<u>730,490</u>	<u>668,906</u>
<b>Net Incoming Resources before revaluations – and surplus of Income over Expenditure for the year</b>		<u>50,121</u>	<u>(4,966)</u>
<b>Other Recognised Gains and Losses</b>			
Unrealised exchange gains/(losses)		8,081	(14,873)
Unrealised gains on investments		202,328	274,469
		<u>210,409</u>	<u>259,596</u>
<b>Net Movement of Funds</b>		260,530	254,630
Balance brought forward at 1 January		2,810,577	2,555,947
<b>Balance carried forward at 31 December</b>		<u>3,071,107</u>	<u>2,810,577</u>
<b>Statement of total Recognised Gains and Losses</b>			
Surplus/(Deficit) for the financial year		50,121	(4,966)
Unrealised exchange gains/(losses)		8,081	(14,873)
Unrealised gains on investments		202,328	274,469
<b>Total Gains and Losses recognised since last Annual Report</b>		<u>260,530</u>	<u>254,630</u>

The accompanying Accounting Policies and Notes form an integral part of these Financial Statements.
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## **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 1998**

### **1. COMPANY STATUS AND LEGISLATIVE PROVISIONS**

Details are given in the Report of Council on page 3.

### **2. PRINCIPAL ACCOUNTING POLICIES**

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the principles outlined in the Companies Act 1985 and the "Statement of Recommended Practice: Accounting for Charities" issued in October 1995. A summary of the more important accounting policies is set out below.

#### **Basis of Accounting**

The Financial Statements are prepared on the historical cost basis. Trading and administration expenditure is accounted for on an accrual basis.

Trading income is credited as it arises. Donations and charitable expenditure is brought to charge when paid.

#### **Incoming Resources**

Income from charitable trading activities principally represents retail sales and other income in CESSAC's Services Centre in Cyprus and the "Rendezvous", a CESSAC Centre in Blandford Camp, with other operating income arising from sheltered lettings and income fees for managing sheltered lettings, owned by other charitable bodies, for ex-members of HM Forces and their spouses.

#### **Investments**

Investments are included at market value. The cost of quoted investments is shown by way of a note. Investment income received and accrued, including income tax recoverable, is taken to the credit of the income and expenditure account.

#### **Taxation**

CESSAC is a registered charity and is not subject to taxation on income. Any income tax recovered on investment income and covenanted subscriptions is included with the respective income.

#### **Assets and Liabilities of the Cyprus Centre**

Assets and liabilities of the Cyprus Centre are converted into sterling at the exchange rate ruling at 31 December of the relevant year.

#### **Stock**

Stock is valued at the lower of cost and net realisable value.

#### **Auditors**

Messrs Chrysanthou & Christoforou (Certified Public Accountants, Cyprus) audit the Centre Accounts, Cyprus. These are incorporated by Messrs Grant Thornton (Portsmouth) into the consolidated Financial Statements for the Company as a whole.



## Fixed Assets and Depreciation

Freehold Properties are stated at cost.

Fixed assets include no building plots or properties under construction.

Freehold properties are maintained in a state of repair such that their estimated residual value, based on current prices, is not less than their cost. Therefore no annual charge for depreciation is made, as this would be immaterial.

The Council of CESSAC may re-value its freehold properties at a future time observing that the insured rebuild value for all properties totals £763,002 (December 1998).

The number of freehold sheltered flats owned by CESSAC total 14 (1997 - 14). Sheltered flats under management, but not owned by CESSAC, total 70 (1997 - 70).

Tangible fixed assets, other than freehold properties, are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost over the expected life of the asset and is charged as follows:

Leasehold Premises	Over the period of the lease
Office equipment and Vehicles:	25% p.a. straight line basis
Furniture & Fixtures:	10% p.a. straight line basis

- A full year's depreciation is charged in the year of purchase, but no charge is normally made in the year of disposal.

## Designated Maintenance Reserve

All properties are maintained in good condition by a planned programme of repair and maintenance. External and internal redecoration is planned to take place every 3 to 5 years. Flats are redecorated and refurbished on a 5 years' rolling programme.

This programme, and the experience of the last 9 years, allows the Company to operate without a committed provision for future repairs and maintenance. Actual costs incurred are normally charged to the income & expenditure account.

However, the Company's prudent policy is to operate a Designated Maintenance Reserve to cover any future modernisation and major repair programmes.

## Designated Housing Reserve

This reserve is designated for the purchase of any suitable, freehold building land (of the required size and in the required location at the right price) that may come available. A Need and Site-Search programme is in progress.

<b>3. DIRECT CHARITABLE EXPENDITURE</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Cost of Supplies	409,913	343,587
Salaries	160,697	150,255
Operating Costs	35,767	44,315
Depreciation	32,344	33,769
Audit	4,390	3,729
Sale of Fixed Assets	---	(1,310)
Exchange difference	(842)	4,450
<b>Totals:</b>	<b>642,269</b>	<b>578,795</b>

<b>4. SHELTERED HOUSING FOR THE ELDERLY</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Management cost	1,361	1,349
Repairs and maintenance	4,050	5,400
Service costs	11,512	11,640
<b>Totals:</b>	<b>16,923</b>	<b>18,389</b>

<b>5. FUNDRAISING AND PUBLICITY</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Advertising	673	434

<b>6. MANAGEMENT AND ADMINISTRATION</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Salaries	41,594	40,058
Head Office & Management Operating costs	7,663	7,722
Head Office Building Upkeep	2,654	1,502
Legal and Professional fees	525	1,551
Audit fees	2,315	2,415
Travel & associated costs	3,334	4,496
Depreciation	4,312	4,149
<b>Totals:</b>	<b>62,397</b>	<b>61,893</b>

<b>7. TOTAL RESOURCES EXPENDED</b>	<b>Staff Costs</b>	<b>Depreciation</b>	<b>Other Expenditure</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>1998</b>	<b>1997</b>
				<b>£</b>	<b>£</b>
Direct charitable purposes	160,697	32,344	449,228	642,269	578,795
Sheltered Housing	1,361	---	15,562	16,923	18,389
Fundraising and publicity	---	---	673	673	434
Management & administration	41,594	4,312	16,491	62,397	61,893
Grants and donations	---	---	8,228	8,228	9,395
<b>Totals:</b>	<b>203,652</b>	<b>36,656</b>	<b>490,182</b>	<b>730,490</b>	<b>668,906</b>

## 8. DIRECTORS' EMOLUMENTS

No member of the Council of CESSAC received any emoluments in 1998. (1997 - Nil).

Total expenses reimbursed to 4 Council members in respect of travel costs, not chargeable to UK income tax, totalled £768 (1997 - £644).

**9. EMPLOYEE INFORMATION**

Average Weekly Number of Staff employed during the Year			Staff costs		
Category of Staff	1998	1997	Category of Cost	1998	1997
	No.	No.		£	£
Full time (UK)	3	4	Wages & salaries (UK)	83,476	84,588
Part time (UK)	7	7	UK Social Security (NI) costs	4,520	5,114
Full time (Cyprus)	9	9	Non-UK Employees' costs (Cyprus)	112,427	98,773
Part time (Cyprus)	8	8	Employer pension contributions	1,868	1,838
<b>Total:</b>	<b>27</b>	<b>28</b>	<b>Total:</b>	<b>202,291</b>	<b>190,313</b>

The above amounts include £41,273 paid over to the Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (a related party, being a Registered Social Landlord with charitable status) in respect of shared emolument costs of Head Office staff.

**10. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1998	1997
	£	£
Interest receivable from bank/building society deposits	27,748	26,353
Dividends from quoted securities	25,036	24,004
<b>Total:</b>	<b>52,784</b>	<b>50,357</b>

**11. SURPLUS OF INCOME OVER EXPENDITURE**

	1998	1997
	£	£
<b>Surplus of income over expenditure is stated after charging:</b>		
Depreciation - tangible owned fixed assets	36,656	37,918
Auditors' remuneration (inclusive of expenses/VAT) - audit services:		
Chysanthou & Christophorou (Cyprus)	4,390	3,729
Grant Thornton (United Kingdom)	2,315	2,415

**12. TANGIBLE FIXED ASSETS (Held for the continuing use of CESSAC and its charitable purposes)**

	Freehold land & Buildings £	Short Leasehold Buildings £	Furniture, fittings & Equipment £	Motor Vehicles £	Totals £
<b>Cost</b>					
At 1 January 1998	459,902	180,281	166,774	25,979	832,936
Difference on exchange	---	9,191	6,570	673	16,434
Additions during year	---	12,418	12,626	---	25,044
Disposals/Transfers	---	(194)	(39,714)	---	(39,908)
<b>At 31 December 1998</b>	<b>459,902</b>	<b>201,696</b>	<b>146,256</b>	<b>26,652</b>	<b>834,506</b>
<b>Depreciation</b>					
At 1 January 1998	---	130,808	87,276	12,433	230,517
Difference on exchange	---	6,669	3,116	471	10,256
Charge for year	---	15,035	17,038	4,583	36,656
Disposals/Transfers	---	(194)	(39,174)	---	(39,368)
<b>At 31 December 1998</b>	<b>---</b>	<b>152,318</b>	<b>68,256</b>	<b>17,487</b>	<b>238,061</b>
<b>Net book value:</b>					
<b>At 31 Dec 1998</b>	<b>459,902</b>	<b>49,378</b>	<b>78,000</b>	<b>9,165</b>	<b>596,445</b>
<b>At 31 Dec 1997</b>	<b>459,902</b>	<b>49,473</b>	<b>79,498</b>	<b>13,546</b>	<b>602,419</b>

**13. DEBTORS**

	1998 £	1997 £
Trade Debtors	528	713
Prepayments & other debtors	2,257	5,600
<b>Total:</b>	<b>2,785</b>	<b>6,313</b>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998 £	1997 £
Trade Creditors	44,204	38,429
Social Security and other taxes	3,974	3,535
Other creditors and accruals	11,366	7,319
<b>Total:</b>	<b>59,544</b>	<b>49,283</b>

**15. LISTED INVESTMENTS**

	31 December 1998 £	Change in Market Value in 1998	31 December 1997 £
Holdings and market values:			
Charinco Accumulation Units	525,613	86,099	439,514
Charinco Distribution Units	11,809	1,266	10,543
Charishare Accumulation Units	558,241	55,726	502,515
Charishare Distribution Units	816,123	59,237	756,886
<b>Total:</b>	<b>1,911,786</b>	<b>202,328</b>	<b>1,709,458</b>
Cost at 31 December	888,855		888,855

**16. RESERVES (All unrestricted)**

	Revenue Reserve £	Designated Housing Reserve £	Designated Maintenance Reserve £	TOTALS £
Balance at 1 January 1998	2,160,577	600,000	50,000	2,810,577
Inter-reserves transfers during year	---	---	---	---
Transfer from Statement of Financial Activities	260,530	---	---	260,530
<b>Balance at 31 December 1998</b>	<b>2,421,107</b>	<b>600,000</b>	<b>50,000</b>	<b>3,071,107</b>

**17. CAPITAL COMMITMENTS**

The company had no capital expenditure contracted for but not provided for in the financial statements. (1997 - Nil).

The company had no capital expenditure authorised by the Council of CESSAC but not contracted for. (1997 - Nil).

**18. CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 1998. (1997 - Nil).