

Charity Registration No. 226684

Company Registration No. 34118 (England and Wales)

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
COUNCIL MEMBERS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005



CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

LEGAL AND ADMINISTRATIVE INFORMATION

Council	Rear Admiral A G Watson, CB (President) Brigadier C A Brown (Chairman) Mr D W Russell Captain A C Long (Vice Chairman/Internal Auditor) Lieutenant Colonel A D Hincks JP Air Commodore M J Allisstone, CBE Commander G Greaves Royal Navy Commander P Mayfield Royal Navy Mr R Alexander Mr A Siddell
Secretary	Commander M R Marks OBE
Charity number	226684
Company number	34118
Principal address	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
Registered office	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
Auditors	Jones Avens Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
Bankers	Lloyds Bank Plc 38 London Road North End Portsmouth Hampshire PO1 2RE
Solicitors	Blake Laphorn Linnell Harbour Court, Compass Road North Harbour Portsmouth Hampshire PO6 4ST

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

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CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

COUNCIL MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

The Council present their report and accounts for the year ended 31 December 2005.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

Objects of the charity

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 from 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). CESSAC is a founder member of the Council for Voluntary Welfare Work, an MOD recognised umbrella group for Christian charities supporting the Armed Forces at home and abroad.

CESSAC's objectives are the operation of centres in military bases in support of the Armed Forces and the provision and management of sheltered housing for elderly ex-services people, their spouses, widows, widowers and immediate relatives.

The directors of the company are its trustees for the purpose of charity legislation and throughout this report are referred to collectively as the Council. The charity is governed by the Council, which meets twice a year. The Council is assisted in its day-to-day management responsibilities by the General Secretary.

Review of activities

Cyprus Centres

The Cyprus team, lead by Gina Potter, have had a busy year with some major changes to challenge them. The Episkopi centre was rebuilt except for the shop at the front and the café seating area at the rear. Despite the interruption to the services, sales (our only real measure of the use made of our facilities) have been higher than anticipated although down on the previous year. There were improvements to the shop at Dhekelia and a management changeover in Nicosia. Our Electronic Point of Sale (EPOS) system has now settled down to become an everyday tool that allows much improved stock control, reduced stock holdings, pricing and menu standardisation across the three centres and trading analysis for the centre managers. We have been invited to become more closely involved with whichever company wins the major support contract being contested in Cyprus.

UK Centres

We opened the new CESSAC Larkhill Centre in January 2005. The staff, lead by Margaret Ball, have been working hard to build up trade and provide a food standard that will encourage repeat visits. Whilst daytime use has been variable, evening use by the Part II trainees has been disappointing and was discontinued after six months. This is being retrialled in 2006. We have opened up new sandwich delivery rounds at both Larkhill and nearby Upavon, the latter operated from Larkhill. The staff at Blandford have worked hard to achieve better than a loss for the year for the first time since it opened in 1995.

Sheltered Housing

We have continued to manage three sites of sheltered housing for former seafarers on behalf of Greenwich Hospital. Some major repair work is being arranged at Trafalgar Quarters, Greenwich, a listed building.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

COUNCIL MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Council

The Council, who are also the directors for the purpose of company law, who served during the year were:

Rear Admiral A G Watson, CB
(President)

Brigadier C A Brown
(Chairman)

Mr D W Russell

Captain A J B Paterson (Resigned 12 May 2005)

Captain A C Long
(Vice Chairman/Internal Auditor)

Lieutenant Colonel A D Hincks JP

Mr R Ruston (Resigned 12 May 2005)

Air Commodore M J Allisstone, CBE

Commander G Greaves Royal Navy

Commander J O Brown Royal Navy (Resigned 12 May 2005)

Commander P Mayfield Royal Navy

Mr R Alexander

Mr A Siddell

None of the Council has any beneficial interest in the company. All of the Council are members of the company and guarantee to contribute £1 in the event of a winding up.

Review of financial position

Although the Statement of Financial Activities shows a net positive movement of funds of £497,696 it must be noted that £318,033 of this relates to unrealised investment gains. The equity investments have returned to the level they were before the 2001 stock market crash.

The net income of £192,291 includes an unexpected, but no less welcome, unrestricted legacy of £107,000. This has been ring fenced whilst waiting for a suitable major project to arise.

In Cyprus, the rebuilding of the formerly corrugated asbestos-clad Episkopi Centre cost around £214,000 but this is to be depreciated over only ten years to reflect the difficulty in anticipating the MOD's policy and plans on the island in the longer term. This is an exceptional change from the normal depreciation policy, stated in paragraph 1.4 on page 10, with the endorsement of the Cyprus auditors.

In the UK, we had budgeted £10,000 to open the new Centre at Larkhill and sustained nearly as much in losses over the first year's operations. The opening of new sandwich rounds at Larkhill and Upavon together with increased turnover at Blandford has helped to offset that deficit to a certain extent and the results next year are more promising.

Reserves policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Risk factors

The Council have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

COUNCIL MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Asset cover for funds

The charity has no restricted funds and therefore no analysis of funds is given in the notes.

Related parties

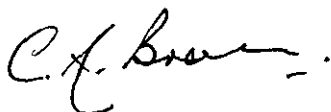
CESSAC shares its Head Office with a sister organisation, CESSA Housing Association. Both have their own Boards of Trustees and operate independently.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jones Avens be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Council

Brigadier C A Brown
(Chairman)



Dated: 11 May 2006

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Council to prepare accounts for each financial year which give a true and fair view of the charitable company's state of affairs at the end of the year and of its income and expenditure for that period.

In preparing those accounts, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

We have audited the accounts of Church of England Soldiers', Sailors' and Airmen's Clubs for the year ended 31 December 2005 set out on pages 6 to 19. These accounts have been prepared in accordance with the accounting policies set out on pages 10 to 11.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditors

As described on page 4, the Council, who are also the directors of Church of England Soldiers', Sailors' and Airmen's Clubs for the purpose of company law, are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards (United Kingdom Generally Accepted Accounting Practice).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Council Members' Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Council Members' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the accounts, 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 as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charitable company's state of affairs as at 31 December 2005 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.



Jones Avens

Chartered Accountants
Registered Auditor

Dated: 11 May 2006

Piper House 4 Dukes Court
Bognor Road Chichester
West Sussex PO19 8FX

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Incoming resources			
Subscriptions and donations	2	108,238	1,121
Activities in furtherance of the charity's objectives	3	1,753,744	1,745,456
Investment income	4	57,712	51,391
Other incoming resources	5	51,915	45,045
Total incoming resources		1,971,609	1,843,013
Resources expended			
Fundraising and publicity costs		270	69
Charitable expenditure			
Grants payable	6	18,317	14,588
Charitable trading expenditure		1,643,969	1,566,975
Sheltered housing for the elderly		33,256	28,832
Management and administration		83,506	77,401
Total resources expended	7	1,779,318	1,687,865
Net incoming resources		192,291	155,148
Gains on investment assets		318,033	209,984
Exchange gains/(losses)		(12,628)	7,602
Net movement in funds		497,696	372,734
Fund balances at 1 January 2005		3,857,468	3,484,734
Fund balances at 31 December 2005		4,355,164	3,857,468

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Total income	1,971,609	1,843,013
Total expenditure from income funds	1,779,318	1,687,865
Net income for the year	192,291	155,148

The summary income and expenditure account is derived from the statement of financial activities on page 6 which, together with the notes on pages 10 to 19, provides full information on the movements during the year on all funds of the charity.

STATEMENT OF RECOGNISED GAINS AND LOSSES

Net income for the year	192,291	155,148
Unrealised gains on investment assets held by income funds	318,033	209,984
Exchange gains/(losses)	(12,628)	7,602
	497,696	372,734

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	11	779,034		616,783	
Investments	12	2,600,506		2,282,473	
		<u>3,379,540</u>		<u>2,899,256</u>	
Current assets					
Stocks		247,228		216,494	
Debtors	13	21,044		12,550	
Cash at bank and in hand		870,056		858,870	
		<u>1,138,328</u>		<u>1,087,914</u>	
Creditors: amounts falling due within one year	14	<u>(162,704)</u>		<u>(129,702)</u>	
Net current assets		<u>975,624</u>		<u>958,212</u>	
Total assets less current liabilities		<u><u>4,355,164</u></u>		<u><u>3,857,468</u></u>	
Income funds					
Unrestricted funds:					
Designated funds	17	4,355,164		3,857,468	
(including revaluation reserve of £1,673,473 (2004: £1,355,440))					
		<u><u>4,355,164</u></u>		<u><u>3,857,468</u></u>	

The accounts were approved by the Board on 11 May 2006

Brigadier C A Brown
(Chairman)



Captain A C Long
(Vice Chairman/Internal Auditor)



Commander M R Marks OBE
(General Secretary)



CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	18	256,290	185,462
Capital expenditure			
Payments to acquire tangible fixed assets	(250,761)	(46,938)	
Receipts from sales of tangible fixed assets	5,657	3,926	
Net cash outflow from capital expenditure		(245,104)	(43,012)
Increase in cash	19	11,186	142,450

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

The accounts have been prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

1.2 Incoming resources

Income from charitable trading activities principally represents retail sales and other income in CESSAC's Services Centre in Cyprus and at CESSAC Centres in Blandford Camp, HQ Land Command, Wilton and 14 Regiment Royal Artillery, Larkhill 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.

1.3 Resources expended

Expenditure, which is charged on an accruals basis, is allocated between:-

- expenditure incurred directly to the fulfilment of the Charity's objectives (direct charitable)
- expenditure incurred directly in providing sheltered housing for the elderly (sheltered housing)
- expenditure incurred directly in the effort to raise voluntary contributions (fundraising and publicity)
- expenditure incurred in the management and administration of the charity
- expenditure incurred in funding grants and donations

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings

2% straight line basis

Leasehold property

over life of the lease

(Cyprus improvements 10% straight line)

Furniture, fittings & equipment

10% straight line basis

Motor vehicles

25% straight line basis

1.5 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. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

1.6 Stock

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

1.7 Pensions

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting Policies

(continued)

1.8 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.9 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.

1.10 Reserves

Reserves have been established as follows:

a. A Short Term Tactical Reserve, which will include 3 months of typical expenditure by CESSAC UK, CESSAC Cyprus plus the Maintenance Reserve. This is to cover any short-term setbacks, cash flow difficulties or unexpected, large maintenance demands.

b. A Medium Term Opportunistic Reserve that will allow CESSAC to evolve and take advantage of strategic opportunities.

c. A Long Term Reserve to generate working income and growth to maintain its value. CESSAC UK Centres have difficulty in breaking even and this provides no incoming resources for donations and other expenses. This has absorbed the former Housing Reserve, should it ever be required for a new development. Current trends, however, indicate a declining demand for sheltered housing.

Designated Maintenance Reserve (part of the Short Term Tactical 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 10 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 (now part of the Long Term 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.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

2 Subscriptions and donations

	2005 £	2004 £
Donations and gifts	1,238	1,121
Legacies receivable	107,000	-
	<u>108,238</u>	<u>1,121</u>

3 Activities in furtherance of the charity's objectives

	2005 £	2004 £
UK Activities	387,641	323,133
Centres in Cyprus supporting HM Forces overseas	1,316,562	1,375,121
Rents receivable on sheltered housing	49,541	47,202
	<u>1,753,744</u>	<u>1,745,456</u>

Incoming resources derive from UK activities plus income from charitable trading activities deriving from CESSAC Centres in Cyprus supporting HM Forces overseas.

4 Investment income

	2005 £	2004 £
Income from listed investments	39,361	27,711
Interest receivable	18,351	23,680
	<u>57,712</u>	<u>51,391</u>

5 Other incoming resources

	2005 £	2004 £
Net gain on disposal of fixed assets	5,611	-
Management fees and office rent	46,304	45,045
	<u>51,915</u>	<u>45,045</u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6 Grants payable

	2005 £	2004 £
Grants payable - see below	<u>18,317</u>	<u>14,588</u>

Grants

CESSAC sponsors grants to three former students of military schools, of £500 per annum for three years each, to assist them with their expenses in further education. The recipients are selected by the school staff. CESSAC donated £5,000 to the Queen Alexandra Hospital Home for disabled ex-service men and women for use in fitting out its new treatment wing.

CESSAC Cyprus made the following donations during the year (all in £ sterling):

CESSAC Award Episkopi and Dhekelia, £2,000 each. These annual awards are for individuals or groups at Dhekelia and Episkopi garrisons who have made a significant contribution to improving the life of the community. Recipients are chosen by the Garrison Commanders and their staff and are handed over at local ceremonies. Episkopi's Hash House Harriers - £305; Services Golf Club (Episkopi) - CESSAC Open Golf Championship - £300; Open Arms "Big Breakfast" - £175; Dhekelia Primary School - £300; Joint Services Golf Club (Dhekelia) - CESSAC Cup Mixed Open Golf Competition - £300; St John's School - Everest Expedition - £300; Nicosia's Children's Party - £280.

Sundry donations throughout the year - £700 including the Command Joint Police Unit "Roof of Africa" sponsorship, the Army Benevolent Fund, SSAFA, Homestart, British Animal Re-homing Centre and various raffle donations.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2005 £	Total 2004 £
Costs of generating funds:					
Fundraising and publicity	-	-	270	270	69
Charitable expenditure:					
Grants payable	-	-	18,317	18,317	14,588
Charitable trading expenditure	494,164	77,225	1,072,580	1,643,969	1,566,975
Sheltered housing for the elderly	181	7,345	25,730	33,256	28,832
Management and administration	60,054	813	22,639	83,506	77,401
	554,399	85,383	1,139,266	1,779,048	1,687,796
	554,399	85,383	1,139,536	1,779,318	1,687,865
Other costs relating to charitable trading expenditure comprise:					
Cost of supplies				962,959	946,566
Operating costs				117,722	106,183
Audit fees (Cyprus)				5,384	5,243
Exchange differences				(13,485)	(8,725)
				1,072,580	1,049,267
Other costs relating to sheltered housing for the elderly comprise:					
Repairs and maintenance				9,959	5,590
Service costs				15,771	14,294
				25,730	19,884
Other management and administration costs comprise:					
Head office and management costs				14,827	13,435
Building upkeep and maintenance				598	111
Legal and professional fees				1,523	2,326
Audit fees (Head office, UK)				2,693	3,120
Travel and associated costs				2,998	2,695
				22,639	21,687

Management and administration costs include amounts payable to the auditors of £3,146 (2004- £3,120) for audit fees and £2,401 (2004- £nil) for other services.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Council

None of the Council (or any persons connected with them) received any remuneration during the year, but 10 of them were reimbursed a total of £2,886 travelling expenses (2004- 10 were reimbursed £3,990).

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2005 Number	2004 Number
Full time (UK)	18	9
Part time (UK)	9	9
Full time (Cyprus)	22	22
part time (Cyprus)	14	14
	<u>63</u>	<u>54</u>

Employment costs

	2005 £	2004 £
Wages and salaries	528,141	486,979
Social security costs	23,449	22,127
Other pension costs	2,809	3,167
	<u>554,399</u>	<u>512,273</u>

There were no employees whose annual emoluments were £50,000 or more.

The above amounts include £29,816 (2004 - £24,326) 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. See also Note 15 - Pensions.

10 Taxation

No charge to corporation tax arises on the results for the year.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Tangible fixed assets

	Land and buildings	Furniture, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2005	757,271	285,560	72,235	1,115,066
Exchange difference	(5,553)	(4,571)	(796)	(10,920)
Additions	226,530	17,471	6,760	250,761
Disposals	-	-	(13,155)	(13,155)
At 31 December 2005	978,248	298,460	65,044	1,341,752
Depreciation				
At 1 January 2005	277,229	174,825	46,229	498,283
Exchange difference	(4,893)	(2,555)	(391)	(7,839)
On disposals	-	-	(13,107)	(13,107)
Charge for the year	45,134	28,461	11,786	85,381
At 31 December 2005	317,470	200,731	44,517	562,718
Net book value				
At 31 December 2005	660,778	97,729	20,527	779,034
At 31 December 2004	480,042	110,735	26,006	616,783

The net book value of land and buildings comprises:

	2005	2004
	£	£
Freeholds	437,147	444,732
Short leaseholds (under 50 years)	223,631	35,310
	660,778	480,042

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

12 Fixed asset investments

	Charinco Accumulation Units £	Charinco Distribution Units £	Charishare Accumulation Units £	Charishare Distribution Units £	Total £
Market value at 1 January 2005	691,616	11,098	715,188	864,571	2,282,473
Change in value in the year	49,461	184	135,577	132,811	318,033
Market value at 31 December 2005	741,077	11,282	850,765	997,382	2,600,506
Historical cost:					
At 31 December 2005	239,642	10,190	298,138	379,063	927,033
At 31 December 2004	239,642	10,190	298,138	379,063	927,033

13 Debtors

	2005 £	2004 £
Trade debtors	11,747	1,506
Prepayments and accrued income	9,297	11,044
	21,044	12,550

14 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	113,362	93,296
Taxes and social security costs	31,759	21,773
Accruals	17,583	14,633
	162,704	129,702

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,809 (2004- £3,167). Contributions totalling £nil (2004- £nil) were payable to the fund at the year end and are included in creditors.

16 Share capital

The charity is limited by guarantee and does not have a share capital.

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 January 2005	Movement in funds			Balance at 31 December 2005
	£	Incoming resources £	Resources expended £	Transfers £	£
Short term tactical reserve	661,000	-	-	-	661,000
Medium term opportunistic reserve	500,000	-	-	-	500,000
Long term reserves	2,696,468	-	-	497,696	3,194,164
	<u>3,857,468</u>	<u>-</u>	<u>-</u>	<u>497,696</u>	<u>4,355,164</u>

18 Net cash inflow from operating activities

	2005 £	2004 £
Reconciliation to changes in resources		
Changes in resources before revaluations	192,291	155,148
Depreciation of tangible fixed assets	85,383	70,097
Profit on disposal of tangible fixed assets	(5,611)	-
(Increase)/decrease in stocks	(30,734)	15,216
(Increase)/decrease in debtors	(8,494)	4,427
Increase/(decrease) in creditors	33,002	(64,653)
Effect of exchange differences on stock, debtors and creditors	(9,547)	5,227
	<u>256,290</u>	<u>185,462</u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

19 Reconciliation of net cash flow to movement in net funds	2005	2004
	£	£
Increase in cash	11,186	142,450
Net funds at 1 January 2005	858,870	716,420
	<hr/>	<hr/>
Net funds at 31 December 2005	870,056	858,870
	<hr/>	<hr/>

20 Analysis of net cash balances	At 1 January 2005	Cash flow	Non-cash changes	At 31 December 2005
	£	£	£	£
Cash at bank and in hand	858,870	11,186	-	870,056
	<hr/>	<hr/>	<hr/>	<hr/>
	858,870	11,186	-	870,056
	<hr/>	<hr/>	<hr/>	<hr/>

21 Commitments

CESSAC has no outstanding commitments (2004 - £230,244 in Cyprus to rebuild the Episkopi Centre and £10,000 set-up costs for the new Larkhill Centre)

22 Related parties

CESSAC shares its Head Office with a sister organisation, CESSA Housing Association. Both have their own Boards of Trustees and operate independently.