

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)

FINANCIAL STATEMENTS

FOR

YEAR ENDED 31st DECEMBER 1997

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MEMBERS OF THE COUNCIL OF CESSAC (The Trustees) (at 31 December 1997)		
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
Mr M G Power		Retired Civil Servant
Mr J R Wells, FCA		Company Director
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
Squadron Ldr (Retd) L R De Their, CEng AFRAeS		Retired RAF Officer (to 8 May 1997)

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

REPORT OF COUNCIL

The Council - which comprises the directors of CESSAC, all of whom served throughout the year except for Squadron Leader L R De Their (who retired 8 May 1997), - presents its report together with the financial statements for the year ended 31 December 1997. Members of 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 registered for VAT on 1 June 1996. (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 1997

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 Centre ("The Blue Sea") in Dhekelia, Cyprus had another busy year with a new resident manager in post from February 1997. The final stages of bookshop modernisation were completed mid-year. New self-service counter and display units were fitted by May, with a new ice cream bar to serve the CESSAC Beach area. Other customer improvements included a "Babies Changing Room", a re-tiled and re-shaded Café terrace, all completed before the hot and busy summer months.

CESSAC's Centre ("The Rendezvous") in Blandford Camp operated smoothly throughout the year, albeit by May 1997 it had to face two new facilities centres operated by NAAFI, both within 20 yards of the Rendezvous. The CESSAC Centre produced a deficit of some £9,400 for 1997 but the facilities are well liked by Base personnel.

Sheltered flats at Glamis Court, Stubbington had a further settled year, with only one change of tenancy. Rent setting policy was modified in late 1996, so that future rents become operative from 1 April every year, beginning 1 April 1997.

Greenwich Hospital's sheltered courts in Southsea and Saltash (fully managed by CESSAC) were subject to a regular annual re-decoration programme.

Charitable Donations Made

Donations included the annual CESSAC Awards towards welfare support in the British Base, Dhekelia, Cyprus (£1,721), Annual Study/Bursary Awards totalling £2,700 and £1,615 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.

Results

The Statement of Financial Activities showed the unrestricted funds' balance carried forward of £2,810,577 (1996: £2,555,947)

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.

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

14th May 1998

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

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 1997 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
14th May 1998

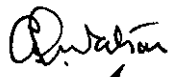


BALANCE SHEET AT 31 DECEMBER 1997

	<u>Notes</u>	<u>1997</u> £	<u>1997</u> £	<u>1996</u> £	<u>1996</u> £
Fixed Assets					
Tangible fixed assets	12		602,419		568,097
Investments – at Market Value	15		<u>1,709,458</u>		<u>1,434,989</u>
Total Fixed Assets:			<u>2,311,877</u>		<u>2,003,086</u>
Current Assets					
Stock - at cost		55,772		64,529	
Debtors	13	6,313		2,582	
Cash at bank, short term deposits and in hand		485,898		551,998	
		<u>547,983</u>		<u>619,109</u>	
Creditors:					
amounts falling due within one year	14	<u>(49,283)</u>		<u>(66,248)</u>	
Net Current Assets:			<u>498,700</u>		<u>552,861</u>
NET ASSETS			<u><u>2,810,577</u></u>		<u><u>2,555,947</u></u>

Funds (all unrestricted)

Revenue Reserve	16	2,160,577	2,109,697
Designated Housing Reserve	16	600,000	420,000
Designated Maintenance Reserve	16	<u>50,000</u>	<u>26,250</u>
		<u><u>2,810,577</u></u>	<u><u>2,555,947</u></u>

The financial statements were approved by the Council of CESSAC on 14th May 1998 and were signed on its behalf by:

 (A G WATSON) 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 1997

	<i>Notes</i>	<u>Unrestricted</u> <u>Funds</u> <u>1997</u> £	<u>Unrestricted</u> <u>Funds</u> <u>1996</u> £
Income and Expenditure			
Incoming Resources			
Income from charitable trading activities		543,557	540,899
Investment Income		50,357	46,097
Subscriptions and donations		1,222	1,929
Rents receivable		39,363	38,327
Other Income		29,441	33,346
Total Incoming Resources		<u>663,940</u>	<u>660,598</u>
Resources Expended			
Direct Charitable Expenditure	3	578,795	540,775
Sheltered Housing	4	18,389	16,602
Fundraising and Publicity	5	434	475
Management and administration of the charity	6	61,893	61,247
Grants and donations		9,395	8,756
Total Resources Expended		<u>668,906</u>	<u>627,855</u>
Net Incoming Resources before revaluations – and surplus of Income over Expenditure for the year		<u>(4,966)</u>	<u>32,743</u>
Other Recognised Gains and Losses			
Unrealised exchange (losses)/gains		(14,873)	(16,257)
Unrealised gains on investments		274,469	154,184
		<u>259,596</u>	<u>137,927</u>
Net Movement of Funds		254,630	170,670
Balance brought forward at 1 January		2,555,947	2,385,277
Balance carried forward at 31 December		<u>2,810,577</u>	<u>2,555,947</u>
Statement of total Recognised Gains and Losses			
(Deficit)/Surplus for the financial year		(4,966)	32,743
Unrealised exchange (losses)		(14,873)	(16,257)
Unrealised gains on investments		274,469	154,184
		254,630	170,670
Prior Year adjustment		---	391,950
Total Gains and Losses recognised since last Annual Report		<u>254,630</u>	<u>562,620</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 1997

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 Club 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 Club

Assets and liabilities of the Cyprus Club 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 & Christophorou (Certified Public Accountants, Cyprus) audit the Club 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 revalue its freehold properties at a future time observing that the insured rebuild value for all properties totals £692,065 (December 1997).

The number of freehold sheltered flats owned by CESSAC total 14 (1996 - 14). Sheltered flats under management, but not owned by CESSAC, total 70 (1996 - 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 8 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.

3. DIRECT CHARITABLE EXPENDITURE	1997 £	1996 £
Cost of Supplies	343,587	335,269
Salaries	150,255	135,473
Operating Costs	44,315	37,952
Depreciation	33,769	27,115
Audit	3,729	3,769
Sale of Fixed Assets	(1,310)	---
Exchange difference	4,450	1,197
Totals:	578,795	540,775

4. SHELTERED HOUSING	1997 £	1996 £
Management cost	1,349	1,327
Repairs and maintenance	5,400	3,300
Service costs	11,640	11,975
Totals:	18,389	16,602

5. FUNDRAISING AND PUBLICITY	1997 £	1996 £
Advertising	434	475

6. MANAGEMENT AND ADMINISTRATION	1997 £	1996 £
Salaries	40,058	38,617
Office costs	9,224	7,800
Legal and Professional fees	1,551	2,322
Audit fees	2,415	3,300
Travel & associated costs	4,496	4,078
Depreciation	4,149	5,130
Totals:	61,893	61,247

7. TOTAL RESOURCES EXPENDED	Staff Costs £	Deprec- iation £	Other Expenditure £	Total 1997 £	Total 1996 £
Direct charitable purposes	150,255	33,769	394,771	578,795	540,775
Sheltered Housing	1,349	---	17,040	18,389	16,602
Fundraising and publicity	---	---	434	434	475
Management & administration	40,058	4,149	17,686	61,893	61,247
Grants and donations	---	---	9,395	9,395	8,756
Totals:	191,662	37,918	439,326	668,906	627,855

8. DIRECTORS' EMOLUMENTS

No member of the Council of CESSAC received any emoluments in 1997. (1996 - Nil).

Total expenses reimbursed to 6 Council members in respect of travel costs, not chargeable to UK income tax, totalled £644 (1996 - £638).

9. EMPLOYEE INFORMATION

Average Weekly Number of Staff employed during the Year			Staff costs		
Category of Staff	1997	1996	Category of Cost	1997	1996
	No.	No.		£	£
Full time (UK)	4	4	Wages & salaries (UK)	84,588	82,082
Part time (UK)	7	7	UK Social Security (NI) costs	5,114	5,022
Full time (Cyprus)	9	9	Non-UK Employees' costs (Cyprus)	98,773	85,181
Part time (Cyprus)	8	7	Employer pension contributions	1,838	1,805
Total:	28	27	Total:	190,313	174,090

The above amounts include £39,731 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

	1997 £	1996 £
Interest receivable from bank/building society deposits	26,353	22,224
Dividends from quoted securities	24,004	23,873
Total:	50,357	46,097

11. SURPLUS OF INCOME OVER EXPENDITURE

Surplus of income over expenditure is stated after charging:	1997 £	1996 £
Depreciation - tangible owned fixed assets	37,918	32,245
Auditors' remuneration (inclusive of expenses/VAT) - audit services:		
Chysanthou & Christophorou (Cyprus)	3,729	3,769
Grant Thornton (United Kingdom)	2,415	3,300

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 £
Cost					
At 1 January 1997	459,902	170,621	135,819	21,430	787,772
Difference on exchange		(14,801)	(8,518)	(752)	(24,071)
Additions during year	---	24,461	40,610	18,061	83,132
Disposals/Transfers	---	---	(1,137)	(12,760)	(13,897)
At 31 December 1997	459,902	180,281	166,774	25,979	832,936
Depreciation					
At 1 January 1997	---	125,873	77,296	16,506	219,675
Difference on exchange		(10,919)	(4,848)	(602)	(16,369)
Charge for year	---	15,854	15,965	6,099	37,918
Disposals/Transfers	---	---	(1,137)	(9,570)	(10,707)
At 31 December 1997	---	130,808	87,276	12,433	230,517
Net book value:					
At 31 Dec 1997	459,902	49,473	79,498	13,546	602,419
At 31 Dec 1996	459,902	44,748	58,523	4,924	568,097

13. DEBTORS

	1997 £	1996 £
Trade Debtors	713	493
Prepayments & other debtors	5,600	2,089
Total:	6,313	2,582

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Trade Creditors	38,429	54,102
Social Security and other taxes	3,535	4,033
Other creditors and accruals	7,319	8,113
Total:	49,283	66,248

15. LISTED INVESTMENTS

	31 December 1997 £	Change in Market Value in 1997	31 December 1996 £
Holdings and market values:			
Charinco Accumulation Units	439,514	53,573	385,941
Charinco Distribution Units	10,543	590	9,953
Charishare Accumulation Units	502,515	96,049	406,466
Charishare Distribution Units	756,886	124,257	632,629
Total:	1,709,458	274,469	1,434,989
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 1997	2,109,697	420,000	26,250	2,555,947
Inter-reserves transfers during year	(203,750)	180,000	23,750	---
Transfer from Statement of Financial Activities	254,630	---	---	254,630
Balance at 31 December 1997	2,160,577	600,000	50,000	2,810,577

17. CAPITAL COMMITMENTS

The company had no capital expenditure contracted for but not provided for in the financial statements. (1996 - Nil).

The company had no capital expenditure authorised by the Council of CESSAC but not contracted for. (1996 - Nil).

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1997. (1996 - Nil).