

C 492

Charity Registration No. 226684

Company Registration No. 00034118 (England and Wales)

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

WEDNESDAY



A656R09E

A17

26/04/2017

#91

COMPANIES HOUSE

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

LEGAL AND ADMINISTRATIVE INFORMATION

Chief Executive Officer Commander P C Keefe RN

Secretary Commander P C Keefe RN

Charity number 226684

Company number 00034118

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

Bankers Lloyds Bank Plc
38 London Road
North End
Portsmouth
Hampshire
PO2 0LR

Solicitors Blake Morgan LLP
Harbour Court
Compass Road
North Harbour
Portsmouth
Hampshire
PO6 4ST

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

CONTENTS

	Page
Council Members' report	1 - 7
Statement of Council members' responsibilities	8
Independent auditor's report	9 - 10
Statement of financial activities	11
Balance sheet	12
Statement of cash flows	13
Notes to the accounts	14 - 27

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

COUNCIL MEMBERS' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

The Council members present their report and accounts for the year ended 31 December 2016.

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 Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

Objectives and activities

The Church of England Soldiers', Sailors' and Airmen's Clubs (short title: CESSAC) originated in Aldershot in 1857 to provide an alcohol-free, non-proselytising home-from-home for soldiers. Its founding precept (circa 1881) included its intention: "to provide for the Nation's soldiers, places where they can resort and find rest and healthy recreation and where they can associate on terms of friendly intercourse". The success of the original facility resulted in many others being opened over the years (and many closing again to match changing demand). Apart from the fact that the charity's reach has extended to cover sailors and then airmen, that precept remains as true today. CESSAC's principal aims are still, therefore, the operation of homely, welcoming amenity centres in military bases in support of the Armed Forces and the promotion of the latter's efficiency. At 31 December 2016, there were 11 such centres, 4 in one group (all in Cyprus) and another group with 4 in UK, 2 in Germany and one in the Falklands.

Other aims were added in the 1970s; to relieve persons who have served in H.M. Forces and the dependants of such persons as are in need of assistance including the provision and management of housing. This enabled CESSAC to contribute to the establishment of CESSA Housing Association Limited (CESSA HA), a separate charitable organisation that owns and operates sheltered housing for elderly ex-Service people, their spouses, widows, widowers and immediate relatives. CESSAC has since provided grants to CESSA HA and other eligible charities in furtherance of this aim.

CESSAC still shares its Head Office and some staff with CESSA HA, although both organisations have their own Boards and operate independently. The latter is accountable to the Homes and Communities Agency and Financial Conduct Authority. The relationship with CESSA HA resulted in CESSAC entering into an agreement with Greenwich Hospital, a Crown Royal Navy Charity, to manage its sheltered housing (GHS) for former members of the Naval Service in the 1980s. Although reviewed regularly, this symbiotic relationship continues to this day, providing advantages for all parties.

CESSAC is a founder member (1939) of the Council for Voluntary Welfare Work (CVWW), which enables it to operate in Armed Forces establishments at home and abroad under a charter with the Ministry of Defence (MoD). The Charter between MoD and CVWW recognises that the amenity centres provided by member organisations require a certain amount of primary trading in order to be sustainable. The income received is therefore one indicator of whether the centres are being used by the beneficiaries and hence meeting their welfare needs. However, there are many factors outside the charity's control, particularly changes in the number of Service personnel present in any location, and just because a centre operates at a loss does not mean it is not needed. For this reason, the current and anticipated use of each centre is regularly reviewed against the perceived benefit being provided in an attempt to best match the running costs across all of them with the likely income overall. Thus a loss-making centre perceived to be meeting a particular welfare need can be supported financially by surpluses generated elsewhere. This is now detailed in a separate Impact Statement better focussed on the charity's stakeholders, visible on its website. The current aim is that CESSAC's proportion of Head Office costs are funded by income on investments and from other sources. Major improvements/repairs are paid for from the growth in the capital value of the investments.

The Council members have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake. The benefits and beneficiaries are not the same for the 4 registered Objects, as shown at the end of this report. The Council members completed a strategic review in 2015 from which they confirmed that the objects (see page 6) did not need to be revised and established clear priorities for the subsequent detailed business plans.

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

COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Due to the nature of CESSAC and its objects, its activities have already been described above; mainly the operation of its amenity centres and ongoing support to CESSA HA and GSH; as well as other eligible charities. Significant grants are only made when funds permit. While CESSAC welcomes volunteers, particularly in places like the Falklands, the nature of its work generally results in reliance on paid staff.

In 2012 the charity loaned CESSA HA £520,000 as a social investment at a reduced interest rate of 2.5% (renewed in 2016 for a further 3 years) that enabled the latter to save money by redeeming its expensive mortgages (taken out when rates were over 10%). This arrangement also provides a better income for the charity than is currently available from its deposit accounts. Accordingly, the remaining balance of this beneficial loan is recorded as a Designated Fund (Note 24).

Achievements and performance

General. The report from the external review of CESSAC's operations arrived just as the last accounts were being completed. It provided 80 recommendations that were then reviewed by the Welfare Amenity Committee (WAC) and all agreed by the Council. The most significant of these was the creation of a part-time Director of Operations and the post was filled successfully in May, which enabled a start to be made on implementing the rest of the recommendations. By the end of 2016 these were about half-way progressed, including the decision to reduce to a single Area Manager in Cyprus to reflect the continuing fall in turnover there. An independently-overseen process selected which one was to take up the singular post and therefore who had to be given three months' notice for redundancy (which expired on 19 January 2017). The redundancy would have been sad whichever individual was chosen for it, since both had worked very hard for the charity over many years. However, this action will minimise overheads there and enable further efficiencies to maintain the service being provided. The replacement of the Annual Review by a shorter, more focussed Impact Statement was widely welcomed. On the day of the AGM, a modest event was held at CESSAC House to celebrate both the 40th anniversary of its opening as the first of CESSA HA's housing schemes and the charity's 125th anniversary of incorporation at Companies House. This was graced by both the Mayor of Gosport & the local MP and overseen by CESSAC's President and its Chairman.

CESSAC has been very proud to have a Royal Patron for over 100 years, and that this has been Her Majesty the Queen since 1952. Accordingly the charity was invited to participate in 'The Patron's Lunch' held on the Mall in June to celebrate her 90th birthday and her life of un-relenting support and service to the community. CESSAC was very happily represented by both a volunteer and a staff member and their spouses. The Patron's Fund is a registered charity that was established to celebrate the charitable organisations for which she acts as Patron and disburse between them the generous donations received on this occasion and the profits from The Patron's Lunch. CESSAC was delighted to receive a gift of £2,500 from this Fund in acknowledgement of its charitable work. This is planned to be spent on improved facilities in the centres at Blandford & Bovington.

All the computers on Windows 7 were upgraded to Windows 10 for free by July and any older ones replaced. CEO continued to work with Greenwich Hospital to develop its distinct strategy for their sheltered housing while Head Office staff ensured the organisation's pension auto-enrolment start date was met in November. The WAC undertook its annual review of centre performance, confirming the continued relevance and charitable output of all of them. The study award system continues with 2 payments made, one to a sponsored ordinand from the Services. Meanwhile CEO continues to represent CESSAC at meetings of CVWW and the Confederation of Service Charities, Cobseo. These continue to provide invaluable information, insight and opportunities to work with other charities.

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

COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Centres in UK, Germany and Falklands. These are straightforward coffee shops or cafes providing a homely and welcoming environment for Service personnel and their families, often adjacent to recreational facilities and/or the chaplaincy. Accordingly, each has a relatively modest turnover (all under £100K) with the Falklands and Blandford the highest. The keenly-anticipated opening of a new centre at Colchester finally took place on 31 October, thanks to the tireless efforts of both Garrison staff and our Area Manager UK. Our new staff here are making a significant impact already. Blandford has continued to perform strongly and Matilda's at Bovington continues to meet a need there, but losses continue to be higher than hoped for. At Worthy Down, despite hanging on for the prospect of the tripling of potential beneficiaries at the site in 2018, the end of the year saw external changes that marked the end of evening opening for trainees, at least for the moment.

The Oasis continues to provide essential provision in the Falklands with the statistics to prove it. However, this is a challenging location for recruitment, so we were delighted when Shannon Saise-Marshall agreed she would take over from the departing Scott Docherty, to whom we are most grateful. Nevertheless, staff constraints have reduced operating hours and hence turnover. In Germany, Monty's at Bielefeld continues to perform strongly and Bluebells' at Paderborn has developed a good following. These have continued to generate losses, but are regarded by the local Command as providing much needed support, exemplified by their generous donations worth over £1,400.

Centres in Cyprus. Unlike the other centres, all four of CESSAC's locations in Cyprus include shops selling a permitted variety of often UK-sourced goods difficult to otherwise obtain. It has been reported previously that the turnover in the shops is being reduced by the rise of internet shopping and this has continued this year. The effects are being monitored carefully, because it is more difficult to justify running any shop at a loss than a cafe.

All four centres remain well supported by the Command chain and valued by the thousands of UK Service personnel and their families, generating £1,315,962 of turnover this year, particularly in the cafes (only more than 2015 when converted into sterling). At Nicosia, CESSAC was delighted to be invited by the British Contingent to take on the operation of a seasonal facility that supports the swimming pool in the UN compound. For the first year this has mainly been achieved by keeping the catering trailer at the site and has boosted turnover for the centre as a whole. We were very sad to discover that Natalia, a long-standing and valued member of staff at Episkopi, could no longer continue working for us and had to leave.

Lady Lampson's cafe at RAF Akrotiri continues to provide sterling support to both station staff and the hundreds of extra RAF personnel deployed there for operations against Daesh in Iraq and Syria. The Dhekelia fair was successfully delivered as usual and again raised nearly €4K for local charities.

Ex-Service personnel & their dependants. CESSAC has continued to enable CESSA HA to make savings through sharing a Head Office and staff and managed 91 sheltered flats at three sites on behalf of Greenwich Hospital. It has also again funded an annual Christmas meal for the tenants of all CESSA HA schemes.

Fundraising. CESSAC does not undertake fundraising from the public, but CEO enabled online donations to the charity this year (none received) but more significantly introduced Collection Boxes into all the appropriate locations around Easter at a cost of only £112. Although this was mainly to underline the point that CESSAC is a charity, this has already raised about £800 since then (and not all Boxes have even been emptied once yet).

Investment performance. The investment elements have performed well from a historical perspective as well as generating invaluable income – this year £107,612, mainly from Armed Forces Common Investment Fund (AFCIF) distribution units. The significant increase in value of £214,348 is most welcome and reflects the market conditions, not least since the UK Referendum and US election.

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

COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Financial review

The results for the year are set out on page 11. It is clearly very welcome that the net movement in funds shows a surplus of £203,155, although it includes a gain on investment of £214,348. It also includes a gain on exchange of £36,663, which would only be realised if all the goods it applies to (mainly in Cyprus) were turned from euros into sterling, which is never likely. Therefore the actual operating position showed a loss of £47,856, but much of this can be attributed to the short-term effects of implementing the Review recommendations. The savings from the latter will mainly take effect from 2017 and are expected to more than compensate for the costs, even though an important component of the changes was to improve operational sustainability.

Head Office has continued to play its part in keeping costs down and supporting all the operations and governance. This is illustrated at Note 10, where it can be seen that support costs are low and the overall net costs are considered fully justified in support of CESSAC's charitable objectives. The Council, through the WAC, keeps a close check on the operating position.

Reserves Policy. The reserves policy is reviewed annually and in 2016 operational reserves maintained at 9 months' of turnover, £1,250,000, to cover the number of centres and dispersion of cash between different banks/currencies. Other reserves are maintained to fund repairs/improvements of the Clubs and/or make donations in furtherance of the charity's aims (see Note 24). However, since the trading income alone has been insufficient to fund centre operations for some years, the charity expects to continue to use income from investments to enable the charitable output to continue.

Investment policy. The Council members ensure that the capital held by CESSAC is invested prudently and conservatively over the long term for the ultimate benefit of meeting its objectives. Their policy is to increase both capital and income from the investments over the long term. The reserves are invested across a number of financial institutions, the greater part is in Armed Forces Common Investment Fund units, currently managed by BlackRock, with most of the rest in a Charles Stanley discretionary managed portfolio at medium low risk. The remainder is in a Virgin Money Charity Deposit Account (at 0.5% since 29 October).

Principle risks and uncertainties

The Council members 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. They have taken a risk-based approach to controls, including directing members to undertake internal audits. The most significant risks to the charity relate to investments, since little capital is tied up in any individual centre. The Council follows a policy of spreading these at medium to low risk as described in the Investment Policy, reviews their performance at every opportunity and has an Investment Panel to oversee the investment environment between meetings.

Over the charity's 125 years, it has usually been alterations in the Armed Forces that have both presented new opportunities and/or caused existing centres to close. It is for this reason that most current centres have not received significant capital and are developed with the assistance of the relevant establishment and funding sought from other sources. Therefore, the success or failure of individual centres is unlikely to present a significant risk. Nevertheless, the Defence Review undertaken since the 2015 election has changed the environment little from CESSAC's point of view, while many of the decisions taken five years before are still being implemented. It seems unlikely therefore that any further changes would be a threat to existing centres during this Parliament (2020). No obvious direct effects have been identified from either the Referendum on EU membership or the decision to close 50 Defence sites, but these are kept under review.

While sustained losses in centres that cannot be justified by the charitable benefit could result in painful withdrawals, performance continues to improve and need not threaten the viability of the charity as a whole. Loss of the Greenwich Hospital contract would deprive the charity of some income and the economies inherent in shared facilities. This is mitigated by demonstrating the efficiency and added value provided to the management of the sheltered housing. The policy was revised in 2015 and the entire risk register transferred to a new format based on a detailed risk matrix. A clear system is operated to ensure that every risk is reviewed either by Council or WAC at least annually.

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

COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Plans for the future

The main effort will continue to be the implementation of the recommendations from the CESSAC Review, which should see efficiency and service improvements in all locations. In Cyprus, work will continue to explore creating a facility at the swimming pool in Nicosia that does not rely on the trailer, while a potential opportunity to support the Station Commander's aspirations inside the wire at Dhekelia will be investigated. The opening at Colchester has already led to an enquiry from a satellite at Rock Barracks in Woodbridge, Suffolk that looks promising. The disappointing news that Alfies may not, as originally hoped, be recreated as part of the rebuild project at Worthy Down will continue to be tested.

Going Concern

Rolling forecasts are maintained for both cash-flow and income & expenditure, both of which predict a small surplus over the next 12 months. There are no restricted funds so considering the surplus and the reserves the Council firmly believes the charity remains a going concern.

Structure, governance and management

CESSAC is a charity (No. 226684) and a company limited by guarantee and not having share capital, registered in England (No. 00034118). It does not trade for profit, is exempt from Corporation Tax and is VAT-registered. (No. 675 8276 83). Its Memorandum and Articles of Association govern the charitable company, including the appointment and reappointment of its members of Council.

CESSAC is governed by the Council, which currently meets four times a year. The WAC is directly accountable to the Council for the policy, administration and direction of the centres. The WAC meets 3 times a year and reports its activities at the next Council meeting and seeks approval for any strategic decisions. The Council and WAC are assisted in their responsibilities by the Chief Executive Officer (CEO) who manages the operations and personnel.

None of the Council members has any beneficial interest in the company. All of the Council members are members of the company (except Mrs Rodgers, who is co-opted) and guarantee to contribute £1 in the event of a winding up. Trustees are insured for up to £500K as part of a portfolio of policies, currently with Markel (UK) Ltd.

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

Rear Admiral A R Rymer (Chairman)

Commander S F Carter RN

Air Commodore D J Hamilton-Rump RAF

Commander P T Mayfield RN

(Retired 22 June 2016)

Commander A E Mizen RN

Mr B H Parsons FCA

(Retired 22 June 2016)

Colonel C E H Ackroyd TD RD DL

(Appointed 25 January 2016)

Mr A J Cobb

(Appointed 25 January 2016)

Mrs A Rodgers FCA

(Appointed 28 April 2016)

Advertisements are made to attract potential members/trustees, whose applications are then considered by the Council. Those selected as members are eligible to sit on committees and vote at general meetings. Potential trustees are invited to an informal meeting with the Chairman. This is followed by a brief from the CEO and an invitation to attend the next Council meeting as an observer. A formal invitation to join the Council will follow if both parties agree, followed by induction conducted by the CEO. New trustees are co-opted until election is considered at the next AGM. Training is offered regularly and the Council reviews Charity Commission e-mails, Governance magazine and other material to keep up to date.

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

COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Remuneration Policy. All of the members are unpaid volunteers. The overall purpose of remuneration policy for the staff at all levels, together with their terms and conditions of service, is to attract and retain those with appropriate skills, experience and competencies who are committed to delivering the relevant charitable work and purposes. Although CESSAC does not engage in substantive levels of fundraising or voluntary work, the esteem and value derived from working in the charitable sector are noted, as recommended. With a principal aim of fairness and no overriding factors, save for affordability, the following will be taken into account when deciding remuneration:

- The scope of individual responsibilities; any fundamental change; and performance against short and long term expectations and objectives.
- Affordability (sustainability) of the total cost of remuneration awards when measured against the needs.
- The likely impact on the beneficiaries.
- Comparability in appropriate sectors, together with: national remuneration trends and minimum wage regulations; inflation; and applicable local/overseas factors.
- The remuneration ratio between Senior and other staff in the organisation.
- The combined effect of pay and other elements of wider remuneration packages, including any non-consolidated awards.

Relationships. CESSAC shares a common root with the Aldershot Church of England Services Trust, and three of the former's members are appointed as trustees for the latter.

Asset cover for funds

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

Auditor

In accordance with the charity's articles, a resolution proposing that Jones Avens Limited be reappointed as auditor of the charity will be put at a General Meeting.

Registered charitable objects

The objects for which the Charity is established are below, together with a summary of the benefits delivered to the respective beneficiaries:

- i. To open, carry on, establish and maintain Church of England Soldiers', Sailors' and Airmen's Clubs or Centres in military stations and other places at home and abroad, and to assist local or other efforts to open, carry on, establish and maintain such clubs or centres. The aim remains to provide homely facilities for serving personnel and/or their families. The benefit they derive from the centres is amply demonstrated by their use and the strength of support from the chain of command.
- ii. To further the religious and charitable work of the Church of England amongst those serving in H.M. Forces. This is aimed serving personnel and achieved by working with Service Chaplains wherever possible, without impinging on the non-religious nature of the centres. It includes offering a grant to help Service-sponsored ordinands (Note 9).
- iii. To relieve persons who have served in H.M. Forces and the dependants of such persons as are in need of assistance including the provision and management of housing. This aim is clear and currently largely, but not exclusively, delivered through the assistance provided to CESSA Housing Association.
- iv. To promote the efficiency of H.M. Forces by the provision of facilities and equipment for educational, recreation and leisure pursuits for those serving in H.M. Forces, whether at Church of England Soldiers', Sailors' and Airmen's Clubs or Centres or elsewhere and whether at home or abroad. This is a widely used broad Object to enable a wide range of support to be provided for the benefit of serving personnel as needs arise. The level of the losses over recent years has meant that this aim is currently supported by a number of small grants to other organisations, listed for Cyprus at Note 9.

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

COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

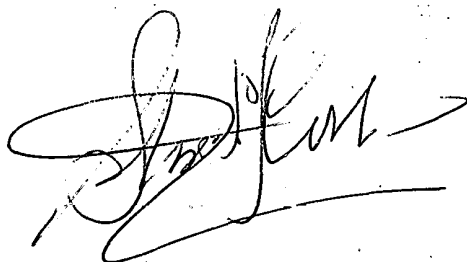
FOR THE YEAR ENDED 31 DECEMBER 2016

Disclosure of information to auditor

Each of the Council members has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Council members' report was approved by the Board of Council Members.



Commander S F Carter RN

Council Member

Dated: 12 April 2017

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

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

The Council members, who are also the directors of Church of England Soldiers', Sailors' and Airmen's Clubs for the purpose of company law, are responsible for preparing the Council Members' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Council members to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Church of England Soldiers', Sailors' and Airmen's Clubs for the year ended 31 December 2016 set out on pages 11 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditors' 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.

Respective responsibilities of Council members and auditor

As explained more fully in the statement of Council members' responsibilities set out on page 8, the Council members, who are also the directors of Church of England Soldiers', Sailors' and Airmen's Clubs for the purposes of company law are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The Council members have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 23 to the financial statements.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council members; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Council Members' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its 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.

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

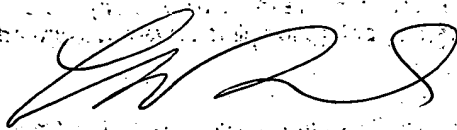
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Council Members' Report is inconsistent in any material respect with the accounts; or
- the accounts 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.



Claire Norwood BSc FCA ATII (Senior Statutory Auditor)

for and on behalf of Jones Avens Limited

12 April 2017

**Chartered Accountants
Statutory Auditor**

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

Jones Avens Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<u>Income and endowments from:</u>					
Voluntary income	3	3,771	-	3,771	22,717
Charitable activities	4	1,577,498	-	1,577,498	1,364,702
Investments	5	107,612	-	107,612	114,858
Other income	6	94,534	-	94,534	91,244
Total income and endowments		1,783,415	-	1,783,415	1,593,521
<u>Expenditure on:</u>					
Raising funds	7	4,443	-	4,443	5,674
Charitable activities	8	1,824,740	2,088	1,826,828	1,585,467
Total resources expended		1,829,183	2,088	1,831,271	1,591,141
Net gains on investments	14	214,348	-	214,348	12,129
Net incoming/(outgoing) resources before transfers		168,580	(2,088)	166,492	14,509
Gross transfers between funds	15	4,283	(4,283)	-	-
Net incoming/(outgoing) resources		172,863	(6,371)	166,492	14,509
Other recognised gains and losses					
Other gains or losses	16	35,774	889	36,663	(14,719)
Net movement in funds		208,637	(5,482)	203,155	(210)
Fund balances at 1 January 2016		3,434,829	5,482	3,440,311	3,440,521
Fund balances at 31 December 2016		3,643,466	-	3,643,466	3,440,311

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

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

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	17	56,238	62,971
Investments	18	3,074,325	2,877,571
		<u>3,130,563</u>	<u>2,940,542</u>
Current assets			
Stocks	20	192,355	168,727
Debtors	21	51,498	42,833
Cash at bank and in hand		363,263	362,383
		<u>607,116</u>	<u>573,943</u>
Creditors: amounts falling due within one year	22	<u>(94,213)</u>	<u>(74,174)</u>
Net current assets		<u>512,903</u>	<u>499,769</u>
Total assets less current liabilities		<u><u>3,643,466</u></u>	<u><u>3,440,311</u></u>
Income funds			
Restricted funds	25	-	5,482
Unrestricted funds			
Designated funds	24	<u>3,643,466</u>	<u>3,434,829</u>
		<u>3,643,466</u>	<u>3,434,829</u>
		<u><u>3,643,466</u></u>	<u><u>3,440,311</u></u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2016, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The Council members are responsible for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Council Members on 12 April 2017


Rear Admiral A R Rymer (Chairman)
Trustee


Mrs A Rodgers FGA
Trustee

Company Registration No. 00034118

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash absorbed by operations	26	(122,682)	(175,017)
Investing activities			
Purchase of tangible fixed assets		(13,258)	(12,332)
Proceeds on disposal of tangible fixed assets		2,570	80
Repayment of investment loans and receivables		29,803	29,076
Purchase of investments		(64,559)	(1,763,264)
Proceeds on disposal of investments		52,350	1,770,315
Interest received		107,612	114,858
Net cash generated from investing activities		114,518	138,733
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(8,164)	(36,284)
Cash and cash equivalents at beginning of year		362,383	405,327
Effect of foreign exchange rates		9,044	(6,660)
Cash and cash equivalents at end of year		363,263	362,383

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Church of England Soldiers', Sailors' and Airmen's Clubs is a private company limited by guarantee incorporated in England and Wales. The registered office is 1 Shakespeare Terrace, 126 High Street, Portsmouth, Hampshire, PO1 2RH.

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The accounts 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 the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the Council members have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Council members' continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Council members in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the Council members for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

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

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities undertaken to further the purposes of the charity and their associated support and governance costs.
- Costs of raising funds comprise the costs of the investment portfolio management.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 10.

1.6 Tangible fixed assets

Tangible fixed assets are measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% straight line basis
Leasehold properties	Cyprus improvements 10% straight line basis
Furniture, fittings & equipment	10 - 25% straight line basis
Vehicles	25% straight line basis

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Listed investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in income and expenditure. Transaction costs are expensed to income and expenditure as incurred.

The fixed asset investment loan is initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investment is assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in income and expenditure.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). No such indications were noted.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure), except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.15 Foreign exchange

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.16 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.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Council members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Voluntary income

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	3,771	-	3,771	5,917
The Army Central Fund	-	-	-	16,800
	<u>3,771</u>	<u>-</u>	<u>3,771</u>	<u>22,717</u>
For the year ended 31 December 2015	<u>5,917</u>	<u>16,800</u>		<u>22,717</u>

4 Charitable activities

	Supporting HM Forces in the UK and overseas	Centres in Cyprus supporting HM Forces overseas	Total 2016	Total 2015
	£	£	£	£
Sales within charitable activities	<u>261,536</u>	<u>1,315,962</u>	<u>1,577,498</u>	<u>1,364,702</u>

Charitable trading income

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Investments

	2016	2015
	£	£
Income from listed investments	96,384	102,725
Interest receivable	11,228	12,133
	<u>107,612</u>	<u>114,858</u>

6 Other income

	2016	2015
	£	£
Net gain on disposal of tangible fixed assets	2,570	80
Other income	155	-
Management fees and office rent	91,809	91,164
	<u>94,534</u>	<u>91,244</u>

7 Raising funds

	Unrestricted funds	Total 2015
	£	£
Investment management	4,443	5,674
	<u>4,443</u>	<u>5,674</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Charitable activities

	Supporting HM Forces in the UK and overseas £	Centres in Cyprus supporting HM Forces overseas £	Total 2016 £	Total 2015 £
Staff costs	226,827	471,362	698,189	580,226
Depreciation and impairment	4,329	21,437	25,766	26,006
Cost of supplies	71,630	657,383	729,013	642,726
Operating costs	26,921	170,742	197,663	176,684
Management fee	9,840	-	9,840	9,648
Repair costs funded by The Army Central Fund	-	-	-	2,727
	<u>339,547</u>	<u>1,320,924</u>	<u>1,660,471</u>	<u>1,438,017</u>
Grant funding of activities (see note 9)	1,300	4,489	5,789	6,312
Share of support costs (see note 10)	83,211	47,741	130,952	115,617
Share of governance costs (see note 10)	12,438	17,178	29,616	25,521
	<u>436,496</u>	<u>1,390,332</u>	<u>1,826,828</u>	<u>1,585,467</u>
Analysis by fund				
Unrestricted funds	436,496	1,388,244	1,824,740	
Restricted funds	-	2,088	2,088	
	<u>436,496</u>	<u>1,390,332</u>	<u>1,826,828</u>	
For the year ended 31 December 2015				
Unrestricted funds	383,689	1,199,051		1,582,740
Restricted funds	-	2,727		2,727
	<u>383,689</u>	<u>1,201,778</u>		<u>1,585,467</u>

9 Grants payable

	Supporting HM Forces in the UK and overseas £	Centres in Cyprus supporting HM Forces overseas £	Total £	2015 £
Other	1,300	4,489	5,789	6,312

CESSAC made the following principal donations in the UK:

Grants to CESSA HA tenants for Christmas social functions - £3,122.

Study bursaries to former pupils of military schools and Service sponsored ordinands - £1,300.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Grants payable

(Continued)

CESSAC Cyprus donations and sponsorship 2016

All Island Gym to Gym	€ 1,920
Episkopi Military Training Wing	€ 1,250
Catering Warrant Officers Association Akrotiri	€ 300
RAMC Corps Day	€ 300
Akrotiri Station Fun Day	€ 300
Episkopi Gun Club	€ 300
RAF Junior Ranks Christmas	€ 240
Go Fish, Akrotiri	€ 181
Various smaller donations totalling	€ 449

€ 5,240

10 Support costs

	Support costs	Governance costs	2016	2015	Basis of allocation
	£	£	£	£	
Staff costs	108,902	20,744	129,646	119,110	On estimated time
Depreciation	202	38	240	240	Pro rata on staff time
Head office costs	21,057	-	21,057	14,884	Support
Travel & related costs	791	-	791	478	Support
Audit fees	-	3,999	3,999	4,012	Governance
Legal and professional	-	4,211	4,211	1,701	Governance
Committee costs and expenses	-	624	624	713	Governance
	130,952	29,616	160,568	141,138	
Analysed between					
Charitable activities	130,952	29,616	160,568	141,138	

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the charitable activities undertaken in the year.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Net movement in funds	2016	2015
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	3,999	4,012
Depreciation of owned tangible fixed assets	26,006	26,246
Profit on disposal of tangible fixed assets	(2,570)	(80)

12 Council Members

None of the Council members (or any persons connected with them) received any remuneration during the year, but 6 of them were reimbursed a total of £550 travelling expenses (2015 - 4 were reimbursed £230).

13 Employees

The average monthly number employees during the year was:

	2016 Number	2015 Number
Full time (UK, FI & BFG)	6	6
Part time (UK, FI & BFG)	18	16
Full time (Cyprus)	7	7
Part time (Cyprus)	33	26
	<u>64</u>	<u>55</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	777,312	651,023
Social security costs	41,249	42,007
Pension costs	9,274	6,306
	<u>827,835</u>	<u>699,336</u>

Chief Executive Remuneration. After receiving a contribution of £18,471 (2015 - £17,613) from the Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (CESSA HA, a related party), emoluments (excluding pension and national insurance contributions) incurred in respect of the Chief Executive, the only Senior Executive, were £49,367 (2015 - £46,657). The Chief Executive is not a member of the Council, but was an ordinary member of the Housing Association's pension scheme (The Social Housing Pension Scheme administered by The Pension Trust) carrying no special terms. He received an estimated pension contribution of £4,261 (2015 - £2,018) from CESSAC during the year after apportionment with CESSA HA who contributed a further £1,594 (2015 - £762). He has no other individual pension arrangement to which CESSAC makes a contribution.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Net gains/(losses) on investments

	2016	2015
	£	£
Revaluation of investments	222,057	(75,176)
Gain/(loss) on sale of investments	(7,709)	87,305
	<u>214,348</u>	<u>12,129</u>

15 Transfers

A transfer between funds has been made to fund a deficit on a restricted fund, as planned during the original grant application.

16 Other gains or losses

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Foreign exchange gains	<u>35,774</u>	<u>889</u>	<u>36,663</u>	<u>(14,719)</u>
For the year ended 31 December 2015	<u>(14,761)</u>	<u>42</u>		<u>(14,719)</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17 Tangible fixed assets

	Land and buildings	Leasehold properties	Furniture, fittings & equipment	Vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	12,000	764,234	500,892	73,890	1,351,016
Additions	-	2,666	10,592	-	13,258
Disposals	-	-	-	(25,467)	(25,467)
Exchange adjustments	-	123,897	69,398	10,635	203,930
At 31 December 2016	12,000	890,797	580,882	59,058	1,542,737
Depreciation and impairment					
At 1 January 2016	3,120	764,234	453,833	66,858	1,288,045
Depreciation charged in the year	240	533	22,509	2,724	26,006
Eliminated in respect of disposals	-	-	-	(25,467)	(25,467)
Exchange adjustments	-	123,897	64,523	9,495	197,915
At 31 December 2016	3,360	888,664	540,865	53,610	1,486,499
Carrying amount					
At 31 December 2016	8,640	2,133	40,017	5,448	56,238
At 31 December 2015	8,880	-	47,059	7,032	62,971

18 Fixed asset investments

	Listed investments £	Loans	Total £
Cost or valuation			
At 1 January 2016	2,469,689	407,882	2,877,571
Additions	64,559	-	64,559
Valuation changes	222,057	-	222,057
Disposals	(60,059)	(29,803)	(89,862)
At 31 December 2016	2,696,246	378,079	3,074,325
Carrying amount			
At 31 December 2016	2,696,246	378,079	3,074,325
At 31 December 2015	2,469,689	407,882	2,877,571

Fixed asset investments revalued

Listed investments include an investment portfolio managed by Charles Stanley and an Armed Forces Common Investment Fund managed by Black Rock and are included on the basis of market value, with an historical cost of £2,472,852 (2015 - £ 2,465,375).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Financial instruments	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	383,021	410,744
Instruments measured at fair value through income and expenditure	2,696,246	2,469,689
Carrying amount of financial liabilities		
Measured at amortised cost	86,917	68,445
20 Stocks	2016	2015
	£	£
Finished goods and goods for resale	192,355	168,727
21 Debtors	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	4,860	2,791
Other debtors	534	71
Prepayments and accrued income	46,104	39,971
	51,498	42,833
22 Creditors: amounts falling due within one year	2016	2015
	£	£
Other taxation and social security	7,296	5,729
Trade creditors	40,478	25,416
Accruals and deferred income	46,439	43,029
	94,213	74,174

23 Auditor's ethical standards

In common with many entities of our size and nature we use our auditors to assist with the preparation of the statutory financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 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 2016 £	Movement in funds			Balance at 31 December 2016 £
		Incoming resources £	Resources expended £	Transfers £	
Operating cost reserve	1,250,000	-	-	-	1,250,000
Investment in CESSA Housing Association Limited	407,882	-	-	(29,803)	378,079
Capital fund for future opportunities	1,776,947	-	-	238,440	2,015,387
	<u>3,434,829</u>	<u>-</u>	<u>-</u>	<u>208,637</u>	<u>3,643,466</u>

Reserves have been established as follows:

- An operating cost reserve equal to nine months' charitable activity (£1,250,000).
- A capital fund for future opportunities and investment.

A further reserve has been established representing the investment in social housing by way of a long term loan to Church of England Soldiers' Sailors' and Airmen's Housing Association Limited.

25 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2016 £	Incoming resources £	Movement in funds			Balance at 31 December 2016 £
			Resources expended £	Transfers £	Exchange gain £	
The Army Central Fund	5,482	-	(2,088)	(4,283)	889	-
	<u>5,482</u>	<u>-</u>	<u>(2,088)</u>	<u>(4,283)</u>	<u>889</u>	<u>-</u>

A grant was received, in respect of the Cyprus activities, from the The Army Central Fund (Registered Charity Number: 245700) for the purchase of various fixtures and fittings and for repairs and maintenance. Where assets have been capitalised and the terms of the grant met, a transfer has been made to unrestricted funds.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

26	Cash generated from operations	2016 £	2015 £
	Surplus/(deficit) for the year	166,492	14,509
	Adjustments for:		
	Investment income recognised in profit or loss	(107,612)	(114,858)
	Foreign exchange differences	4,889	(1,917)
	Gain on disposal of tangible fixed assets	(2,570)	(80)
	Loss/(gain) on disposal of investments	7,709	(87,305)
	Fair value gains and losses on investments	(222,057)	75,176
	Depreciation and impairment of tangible fixed assets	26,006	26,246
	Movements in working capital:		
	Decrease/(increase) in stocks	2,887	(8,631)
	(Increase) in debtors	(7,343)	(15,916)
	Increase/(decrease) in creditors	8,917	(62,241)
	Cash absorbed by operations	(122,682)	(175,017)