

Charity Registration No 226684

Company Registration No 00034118 (England and Wales)

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS**  
**LIMITED BY GUARANTEE**  
**COUNCIL MEMBERS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**



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**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Council Members</b>	Air Commodore M J Allisstone CBE Commander S F Carter Royal Navy Air Commodore D J Hamilton-Rump Commander P T Mayfield Royal Navy Commander A E Mizen Royal Navy Mr B H Parsons FCA Rear Admiral A R Rymer (Chairman)
<b>Chief Executive Officer</b>	Commander P C Keefe Royal Navy
<b>Secretary</b>	Commander P C Keefe Royal Navy
<b>Charity number</b>	226684
<b>Company number</b>	00034118
<b>Principal address</b>	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
<b>Registered office</b>	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
<b>Auditors</b>	Jones Avens Limited Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
<b>Bankers</b>	Lloyds Bank Plc 38 London Road North End Portsmouth Hampshire PO2 0LR
<b>Solicitors</b>	Blake Lapthorn Harbour Court, Compass Road North Harbour Portsmouth Hampshire PO6 4ST

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# **CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS LIMITED BY GUARANTEE CONTENTS**

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# **CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS LIMITED BY GUARANTEE COUNCIL MEMBERS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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The Council Members present their report and accounts for the year ended 31 December 2013

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 the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

## **Structure, governance and management**

The Church of England Soldiers', Sailors' and Airmen's Clubs (short title CESSAC) is a Registered Charity (No 226684) and a Company limited by Guarantee and not having share capital, registered in England (No 00034118). It is VAT-registered (No 675 8276 83), does not trade for profit and is exempt from Corporation Tax. Its directors under company law are its trustees for the purpose of charity legislation and are referred to collectively as the Council throughout this report. None of the Council has any beneficial interest in the company. Each member of the charity guarantees to contribute £1 in the event of a winding up. Its Memorandum and Articles of Association govern the charitable company, including the appointment and reappointment of its members of Council.

CESSAC is governed by its Council, which has hitherto met twice a year, but will henceforward meet four times. The Council is supported by the Welfare Amenities Committee (WAC), which oversees the performance of the centres and makes recommendations about their continuance or the opening of new ones. The Council and WAC are assisted in their responsibilities by the Chief Executive Officer (CEO) who manages the operations and personnel.

The following Council Members, who are also the directors for the purpose of company law, have held office since 1 January 2013:

Air Commodore M J Allisstone CBE	
Commander S F Carter Royal Navy	
Ms J H Evans	(Resigned 1 March 2014)
Rear Admiral S R J Goodall CBE	(Resigned 14 October 2013)
Air Commodore D J Hamilton-Rump	
Commander P T Mayfield Royal Navy	
Commander A E Mizen Royal Navy	
Mr B H Parsons FCA	
Lieutenant Colonel D B Ruffle RE	(Resigned 1 March 2014)
Rear Admiral A R Rymer (Chairman)	(Appointed 12 February 2013)
Commander J F J Simpson Royal Navy	(Resigned 1 March 2014)
Commander R E Williams Royal Navy	(Resigned 1 March 2014)

Those shown as having resigned as trustees above remain members of the charity and some are part of the WAC.

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 and Vice 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 Governance magazine and other material to keep up to date.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
COUNCIL MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**Objectives and activities**

The Church of England Soldiers', Sailors' and Airmen's Clubs (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 'home-from-home' amenity centres in military bases in support of the Armed Forces and the promotion of the latter's efficiency.

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. The Council Members have paid due regard to public benefit and other guidance issued by the Charity Commission in deciding what activities the charity should undertake.

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). It is also a member of Cobseo, the confederation of service charities. 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.

CESSAC shares its Head Office and some staff with CESSA Housing Association, a separate charitable organisation that owns and operates sheltered housing for elderly ex-services people, their spouses, widows, widowers and immediate relatives. Both organisations have their own Boards and operate independently, the latter accountable to the Homes and Communities Agency and Financial Conduct Authority. Additionally, CESSAC has a long-standing contract with Greenwich Hospital, a Crown Royal Navy Charity, to manage the latter's sheltered housing. In a fine example of collaborative working to reduce costs for all three organisations, the relevant employee costs and overheads are shared proportionately.

An early objective for 2013 was to undertake the assessment of the trial opening of a CESSAC centre in Mount Pleasant Complex in the Falklands. This was successfully completed in January, and agreement reached with the Commander British Forces South Atlantic Islands in March. This therefore confirmed that CESSAC would continue to operate at least seven centres, following the sad closure at Larkhill in December 2012. Another main objective for the year was to consider whether the Armed Forces' decisions on future basing would offer any opportunities for, or threats to, the charity's operations. The announcements in March did not indicate any threats, but nor did they reveal any immediate opportunities, the potential for which will only become apparent once more information is available. Vice Admiral David Steel CBE was successfully recruited as the new President towards the end of the year, the position having been vacant since mid 2012.

**STRATEGIC REPORT**

In accordance with the Companies Act 2006 the Council's strategic report for the financial year ended 31 December 2013 is set out below.

**Achievements and performance**

**Funding sources**

The Charter between MoD and CVWW recognises that the operation of centres is enabled by the trading within the homes-from-home and bookshops provided. The income/expenditure 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.

# **CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS LIMITED BY GUARANTEE COUNCIL MEMBERS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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For this reason, the current and anticipated use of each centre is constantly 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. The current aim is that CESSAC's proportion of Head Office costs are funded by investment and other income, while major improvements/repairs are paid for by the growth of the investments. For several years, the trading income has been insufficient to cover the running costs of the centres, which have therefore needed to draw some support from the reserves.

## **General**

One of the most significant achievements of this year, and plans for 2014, results from an unexpected turn of events. Another longstanding member of the Council for Voluntary Welfare Work, Salvation Army Red Shield Defence Services, announced mid-year that it would be withdrawing from several Armed Forces establishments between July 2013 and March 2014. Seizing the opportunity, CEO approached all the affected bases. Most expressed interest in CESSAC taking over the facilities, so they were then visited by the General Manager to assess the viability of starting to operate there. Following the recommendations of CEO and the General Manager, the Council approved the work to re-invigorate the coffee shop in Worthy Down Camp and to continue negotiations with the others. 'Alfies' opened to acclaim at Worthy Down on 7 October and is providing a welcome service, particularly in the evening for the trainees of the various colleges there. Another unplanned development was the resignation of the Head Office Manager early in the year. Fortunately an excellent replacement was found promptly and has since helped drive down office overheads as well as instituting more rigorous financial controls.

## **UK and other Centres**

These are straightforward coffee shops or cafes providing homes-from-home for service personnel and their families, often adjacent to recreational facilities and/or the chaplaincy. Accordingly, each has a relatively modest turnover, with Blandford's £82,000 dwarfing Lossiemouth's £14,000, but now exceeded by the new centre in the Falklands' £93,000. It is too early to draw firm conclusions about Worthy Down. Blandford's turnover has dropped in 2013, following the loss of many buffets, and hence dipped into deficit, while Lossiemouth's turnover is considerably higher thanks to new management there. Fortunately, the Oasis in the Falklands has generated a surplus that has compensated for the other three.

## **Cyprus Centres**

Unlike the other centres, all four of CESSAC's locations in Cyprus include bookshops as part of the homes-from-home concept, 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. The effects of this are being monitored carefully, because it is more difficult to justify running any shop at a loss than a cafe. The Cypriot banking crisis early in the year was an unwelcome surprise, but the centres weathered the immediate storm thanks to the hard work and ingenuity of the staff. However, the resulting financial uncertainty has compounded other factors and continued the downward trend in turnover. This reduction has been to the extent that, despite further reductions in overheads, reorganisation and increased gross profit on cost, the centres have not yet returned to surplus as hoped. Nevertheless, all four centres remain well supported by the Command chain and valued by the service personnel and their families, generating £1,567,000 of turnover in 2013.

On the plus side, the planned reductions in stock levels have been achieved and helped fund the losses, so that further cash was not required from Head Office. Additionally, with the support of Officer Commanding Episkopi Station, staff from the Western Sovereign Base Areas opened a new seasonal facility at Lemmings Beach in June. Although this made a small loss in its foreshortened first year, better is hoped for in 2014.

There was very welcome news in the autumn when it was announced that CESSAC's bid for a grant of £35,000 from the MoD's Libor fund, in support of the Armed Forces' Covenant, had been successful. This will go towards overdue repair work at the Dhekelia centre and the first payment was made in December to enable work to start promptly in January (see Note 20).

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
COUNCIL MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**Housing**

To meet its aim with regard to elderly ex-service personnel, CESSAC has provided financial support and donations to CESSA Housing Association since 1974, both directly for the benefit of tenants and also for improvements to buildings. In 2012 the charity loaned the housing association £520,000 at a reduced interest rate that enabled the latter to save money by redeeming its expensive Building loans (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. CESSAC continues to manage 91 sheltered flats at three sites on behalf of Greenwich Hospital for a fee on a three year agreement. This was last renewed in September 2011, but at a meeting in 2013 it was mutually agreed to defer the next review by one year until 2015.

**Financial review**

**Investment policy and performance**

CESSAC's reserves are spread between a number of financial institutions (see Note 15). The greater part is in BlackRock Common Investment Funds (Chanshare (£1,305,000 & Channco £235,000) with £867,000 in a Charles Stanley discretionary managed portfolio at medium low risk. The former BlackRock cash instruments had to be moved in 2013, due to changes in the way that firm operates, and have been placed in a Virgin Money Charity Deposit Account at 1.65%. The investment elements have performed well in 2013, gaining £209,550.

**Performance of centres and Head Office**

There has been a welcome reduction in the net outgoing resources to £68,188, the lowest level since 2009. This is thanks to the hard work of a number of staff. Although it has not yet proved possible to eliminate the losses in Cyprus, they have been reduced again, despite the financial crisis in the country and falling turnover. Turnover elsewhere has been increased by two new centres and the revitalisation of Lossiemouth, while costs have been reduced by Head Office. The investment gains have therefore been able to cover the lower operating losses and result in the higher balances at year end. The latter is particularly timely since there will be a number of costs to set up the three new centres planned in 2014, including the associated costs of moving staff to Germany.

**Reserves**

The reserves policy was reviewed in April 2013 and updated in February 2014 (see Note 21). The loan to CESSA Housing Association is one designated fund while operational reserves have been set at 8 months' of turnover, currently about £1,250,000, to cope with variations in income and allow for the need to maintain cash-flow in more than one currency and multiple banks. The rest is available to fund repairs/improvements of the Clubs and/or make donations in furtherance of the charity's aims. However, since the trading income alone has been insufficient to fund centre operations for some years, investment income is required to help offset the losses and enable the charitable output to continue.

**Asset cover for funds**

Note 22 sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
COUNCIL MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**Plans for the future**

Apart from recruiting a new Chairman and members, the immediate plans for 2014 involved completing the repairs at Dhekelia and concluding negotiations with the various authorities to take over the remaining former Salvation Army centres. Agreement over Bovington was achieved first and all the work undertaken to enable 'Matilda's' to open on 18 February. This then left just enough time to put the arrangements in place to open at Detmold in support of British Forces Germany on 11 March. This has been done despite knowing British Forces are scheduled to withdraw from Germany by 2017, and a second centre, at Bielefeld, is expected to open around Easter. Elsewhere, work will continue to attract increased use by beneficiaries and hence reduce or eliminate the operating losses. Abatements of leases will be sought wherever possible and further co-operation pursued with other Cobseo members, including grant applications.

**Principal risks and uncertainties**

The most significant risks to the charity are failure of one or more of its financial institutions, which is why the investments have been spread as previously described. Alterations in the Armed Forces have regularly caused centres to close over the years, but sometimes present new opportunities. However, the last Defence Review will take some years to be fully implemented and it seems unlikely that any further changes in the medium term would be a threat. While sustained losses in centres such as in Cyprus could result in painful withdrawals, these need not threaten the viability of the charity as a whole. The Council reviews the charity's entire risk register at least annually, and assesses any urgent issues as soon as they are alerted by the staff (such as the banking crisis in Cyprus in 2013). It is satisfied that systems or procedures have been established to manage major risks. A risk-based approach to internal controls has been taken, including directing Members to undertake internal examinations.

**Disclosure of information to auditors**

Each of the directors 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 auditors are aware of such information.

**Auditors**

A quinquennial review of auditors was conducted by the directors in 2013 and a resolution proposing that Jones Avens Limited be reappointed as auditors of the company will be put to the members.

On behalf of CESSAC Council



Council Member

Dated 8 May 2014

STEPHEN CARTER



# **CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS LIMITED BY GUARANTEE STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES**

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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 Statement of Recommended Practice,
- 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 LIMITED BY GUARANTEE INDEPENDENT AUDITORS' REPORT**

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

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We have audited the accounts of Church of England Soldiers', Sailors' and Airmen's Clubs for the year ended 31 December 2013 set out on pages 9 to 25. 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Council Members and auditors**

As explained more fully in the statement of Council Members' responsibilities, 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.

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.

### **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 charity'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 2013 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Council Members' Report for the financial year for which the accounts are prepared is consistent with the accounts.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

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

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Claire Norwood BSc FCA ATII (Senior Statutory Auditor)**  
**for and on behalf of Jones Avens Limited**

**Chartered Accountants**

**Statutory Auditor**

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

Dated 8 May 2014

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
<b><u>Incoming resources from generated funds</u></b>					
Voluntary income	2	571	-	571	-
Investment income	3	85,491	-	85,491	74,897
		86,062	-	86,062	74,897
Incoming resources from charitable activities	4	1,635,378	35,000	1,670,378	1,640,907
Other incoming resources	5	77,410	-	77,410	84,524
<b>Total incoming resources</b>		<b>1,798,850</b>	<b>35,000</b>	<b>1,833,850</b>	<b>1,800,328</b>
<b><u>Resources expended</u></b>					
<b>Costs of generating funds</b>					
Investment management costs	6	4,243	-	4,243	3,326
<b>Charitable activities</b>					
Supporting HM Forces in the UK and overseas		295,442	-	295,442	263,890
Centres in Cyprus supporting HM Forces overseas		1,567,015	12,187	1,579,202	1,669,654
<b>Total charitable expenditure</b>		<b>1,862,457</b>	<b>12,187</b>	<b>1,874,644</b>	<b>1,933,544</b>
Governance costs		23,151	-	23,151	24,051
<b>Total resources expended</b>		<b>1,889,851</b>	<b>12,187</b>	<b>1,902,038</b>	<b>1,960,921</b>
<b>Net (outgoing)/incoming resources</b>		<b>(91,001)</b>	<b>22,813</b>	<b>(68,188)</b>	<b>(160,593)</b>
<b>Other recognised gains and losses</b>					
Gains on investment assets		209,550	-	209,550	111,714
Exchange gains/(losses)		18,027	-	18,027	(9,532)
<b>Net movement in funds</b>		<b>136,576</b>	<b>22,813</b>	<b>159,389</b>	<b>(58,411)</b>
Fund balances at 1 January 2013		3,410,711	-	3,410,711	3,469,122
<b>Fund balances at 31 December 2013</b>		<b>3,547,287</b>	<b>22,813</b>	<b>3,570,100</b>	<b>3,410,711</b>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
SUMMARY INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Gross income	1,833,850	1,800,328
(Loss)/gain on disposal of investment assets held by income funds	(5,345)	3,600
<b>Total income</b>	<b>1,828,505</b>	<b>1,803,928</b>
<b>Total expenditure from income funds</b>	<b>1,902,038</b>	<b>1,960,921</b>
<b>Net expenditure for the year</b>	<b>(73,533)</b>	<b>(156,993)</b>

The summary income and expenditure account is derived from the statement of financial activities on page 9 which, together with the notes on pages 13 to 25, provides full information on the movements during the year on all funds of the charity

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

<b>Net expenditure for the year</b>	<b>(73,533)</b>	<b>(156,993)</b>
Unrealised (losses)/gains on investment assets held by income funds	214,895	108,114
Exchange gains/(losses)	18,027	(9,532)
	<b>159,389</b>	<b>(58,411)</b>

**NOTE OF HISTORICAL COST INCOME AND EXPENDITURE**


	2013 £	2012 £
<b>Reported net expenditure for the year</b>	<b>(73,533)</b>	<b>(156,993)</b>
Realisation of investment asset revaluation gains of previous years	13,711	108,106
<b>Historical cost net expense</b>	<b>(59,822)</b>	<b>(48,887)</b>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
BALANCE SHEET**

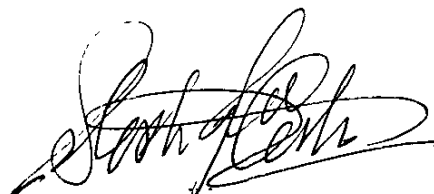
**AS AT 31 DECEMBER 2013**

	Notes	2013 £	£	2012 £	£
<b>Fixed assets</b>					
Tangible assets	14	116,641		172,623	
Investments	15	2,873,223		2,865,203	
		<u>2,989,864</u>		<u>3,037,826</u>	
<b>Current assets</b>					
Stocks		207,935		240,601	
Debtors	16	44,239		32,542	
Cash at bank and in hand		474,845		204,120	
		<u>727,019</u>		<u>477,263</u>	
<b>Creditors amounts falling due within one year</b>	17	<u>(146,783)</u>		<u>(104,378)</u>	
<b>Net current assets</b>		<u>580,236</u>		<u>372,885</u>	
<b>Total assets less current liabilities</b>		<u>3,570,100</u>		<u>3,410,711</u>	
<b>Income funds</b>					
Restricted funds	20	22,813		-	
Unrestricted funds					
Designated funds	21	2,466,356		2,525,618	
Other charitable funds					
Revaluation reserve		<u>1,080,931</u>		<u>885,093</u>	
		<u>1,080,931</u>		<u>885,093</u>	
		<u>3,570,100</u>		<u>3,410,711</u>	

The accounts were approved by the Board on 8 May 2014



Council Member  
Mike Allisstone  
Company Registration No 00034118



Council Member  
Stephen Carter

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>Net cash inflow/(outflow) from operating activities</b>	<b>23</b>	<b>82,371</b>	<b>(76,293)</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(13,526)	(25,754)	
Payments to acquire investments	(135,546)	(876,246)	
Receipts from sales of tangible fixed assets	350	9,406	
Receipts from sales of investments	337,076	784,150	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<b>188,354</b>	<b>(108,444)</b>
<b>Management of liquid resources</b>			
Repayment of funds invested by CESSA HA Limited	-	300,000	
<b>Net cash inflow from management of liquid resources</b>		<b>-</b>	<b>300,000</b>
<b>Increase in cash</b>	<b>24</b>	<b>270,725</b>	<b>115,263</b>

# **CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS LIMITED BY GUARANTEE**

## **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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### **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 applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006

#### **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 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

#### **1.3 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 in supporting the charitable activities and in the governance 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 - 25% 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  
LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 Accumulated funds**

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.

The reserves policy was reviewed in 2014 and following agreement reserves have been established as follows:

a An operating cost reserve equal to eight months' charitable activity (£1,250,000)

b 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.

**1 10 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 Voluntary income**

	2013 £	2012 £
Donations and gifts	571	-

**3 Investment income**

	2013 £	2012 £
Income from listed investments	70,508	61,897
Interest receivable	14,983	13,000
	<u>85,491</u>	<u>74,897</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**4 Incoming resources from charitable activities**

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Supporting HM Forces in the UK and overseas	228,291	-	228,291	173,575
Centres in Cyprus supporting HM Forces overseas	1,407,087	35,000	1,442,087	1,467,332
	<u>1,635,378</u>	<u>35,000</u>	<u>1,670,378</u>	<u>1,640,907</u>

Included within income relating to Centres in Cyprus supporting HM Forces overseas are the following grants

LIBOR fund grant funding	35,000	-
	<u>35,000</u>	<u>-</u>

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

**5 Other incoming resources**

	2013 £	2012 £
Net gain on disposal of fixed assets	350	9,406
Management fees and office rent	77,060	75,118
	<u>77,410</u>	<u>84,524</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**6 Total resources expended**

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2013 £	Total 2012 £
<b>Costs of generating funds</b>						
Investment management costs	-	-	4,243	-	4,243	3,326
<b>Charitable activities</b>						
<u>Supporting HM Forces in the UK and overseas</u>						
Activities undertaken directly	114,530	3,057	110,049	-	227,636	196,732
Grant funding of activities	-	-	-	3,742	3,742	7,517
Support costs	57,589	137	6,338	-	64,064	59,641
<b>Total</b>	<b>172,119</b>	<b>3,194</b>	<b>116,387</b>	<b>3,742</b>	<b>295,442</b>	<b>263,890</b>
<u>Centres in Cyprus supporting HM Forces overseas</u>						
Activities undertaken directly	473,466	75,027	991,892	-	1,540,385	1,623,414
Grant funding of activities	-	-	-	3,016	3,016	6,143
Support costs	27,165	65	8,571	-	35,801	40,097
<b>Total</b>	<b>500,631</b>	<b>75,092</b>	<b>1,000,463</b>	<b>3,016</b>	<b>1,579,202</b>	<b>1,669,654</b>
	<b>672,750</b>	<b>78,286</b>	<b>1,116,850</b>	<b>6,758</b>	<b>1,874,644</b>	<b>1,933,544</b>
<b>Governance costs</b>	<b>16,298</b>	<b>38</b>	<b>6,815</b>	<b>-</b>	<b>23,151</b>	<b>24,051</b>
	<b>689,048</b>	<b>78,324</b>	<b>1,127,908</b>	<b>6,758</b>	<b>1,902,038</b>	<b>1,960,921</b>

Governance costs include amounts payable to the auditors of £2,542 (2012- £2,795) for audit fees and £840 (2012- £820) for other services

Further detail in respect of the above costs is given in notes 7 to 12

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**7 Activities undertaken directly**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Other costs relating to Supporting HM Forces in the UK and overseas comprise		
Cost of supplies	80,481	57,609
Operating costs	20,991	17,886
Cash variances	1,009	-
Management fee	7,568	-
	<b>110,049</b>	<b>75,495</b>
Other costs relating to Centres in Cyprus supporting HM Forces overseas comprise		
Cost of supplies	772,274	839,439
Operating costs	198,424	189,250
Audit fees (Cyprus)	9,007	9,000
Exchange differences on costs paid in the UK	-	2,108
Dhekeleia premises repairs	12,187	-
	<b>991,892</b>	<b>1,039,797</b>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**8 Grants payable**

	2013 £	2012 £
Supporting HM Forces in the UK and overseas	3,742	7,517
Centres in Cyprus supporting HM Forces overseas	3,016	6,143
	<b>6,758</b>	<b>13,660</b>

CESSAC made the following principal donations in the UK

£3,192 Grants to Church of England Soldiers' Sailors' and Airmen's Housing Association Limited tenants for Christmas social functions  
£500 Study bursaries to former pupils of military schools

CESSAC Cyprus made the following major awards during the year, all in euros

Donations	VALUE
Carter Cup Sponsorship	€ 610
Decompression	€ 300
Lourdes Pilgrimage	€ 500
Lemmings Beach Face Painting	€ 100
EPI Youth Centre	€ 150
BFBS	€ 245
Akrotiri Station Labour Force	€1,180
Poppy Appeal	€ 50

Various smaller donations to - RAF/Army Inter-Services Football, 2 Yorks Beach Day, RAF Joint Engineering Section, Akrotiri Medical Centre Christmas Children's Party, Episkopi Medical Centre 'Celebration of Birth' Event, Akrotiri Sergeants' Mess Committee, BARC (BF Animal Rehoming Centre), the Akrotiri Dog Section, Friends of Guiding, Liverpool FC Foundation Soccer Clinic, Akrotiri Rugby Club, First Steps Creche, Akrotiri Medical/Dental Servicing Section, and SSAFA

**9 Support costs**

	Supporting HM Forces in the UK and overseas £	Centres in Cyprus supporting HM Forces overseas £	Total 2013 £	Total 2012 £
Head office and management costs	4,726	6,346	11,072	15,550
Travel and associated costs	1,612	2,225	3,837	5,758
Staff costs	57,589	27,165	84,754	78,233
Depreciation	137	65	202	197
	<b>64,064</b>	<b>35,801</b>	<b>99,865</b>	<b>99,738</b>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**10 Governance costs**

	2013 £	2012 £
Other governance costs comprise		
Legal and professional fees	285	2,168
Audit and accountancy fees (Head office, UK)	3,895	3,675
Committee costs and expenses	2,635	992
	<u>6,815</u>	<u>6,835</u>

**11 Council Members**

None of the Council Members (or any persons connected with them) received any remuneration during the year, but 4 of them were reimbursed a total of £623 travelling expenses (2012 - 6 were reimbursed £855)

**12 Employees**

**Number of employees**

The average monthly number of employees during the year was

	2013 Number	2012 Number
Full time (UK & FI)	3	3
Part time (UK)	10	9
Full time (Cyprus)	9	11
Part time (Cyprus)	29	31
	<u>51</u>	<u>54</u>

**Employment costs**

	2013 £	2012 £
Wages and salaries	621,205	671,259
Social security costs	56,382	38,195
Other pension costs	11,461	8,036
	<u>689,048</u>	<u>717,490</u>

There were no employees whose annual remuneration was £60,000 or more

**13 Taxation**

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

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**14 Tangible fixed assets**

	Land and buildings	Furniture, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2013	860,440	514,534	122,136	1,497,110
Exchange difference	40,948	23,372	4,442	68,762
Additions	-	10,727	2,799	13,526
Disposals	-	(4,128)	(23,850)	(27,978)
<b>At 31 December 2013</b>	<b>901,388</b>	<b>544,505</b>	<b>105,527</b>	<b>1,551,420</b>
<b>Depreciation</b>				
At 1 January 2013	780,321	424,659	119,507	1,324,487
Exchange difference	37,545	18,033	4,368	59,946
On disposals	-	(4,128)	(23,850)	(27,978)
Charge for the year	47,873	27,049	3,402	78,324
<b>At 31 December 2013</b>	<b>865,739</b>	<b>465,613</b>	<b>103,427</b>	<b>1,434,779</b>
<b>Net book value</b>				
<b>At 31 December 2013</b>	<b>35,649</b>	<b>78,892</b>	<b>2,100</b>	<b>116,641</b>
At 31 December 2012	80,119	89,875	2,629	172,623

The net book value of land and buildings comprises

	2013 £	2012 £
Freeholds	9,360	9,600
Short leaseholds (under 50 years)	26,289	70,519
	<b>35,649</b>	<b>80,119</b>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**15 Fixed asset investments**

	Charinco Units	Charishare Units	Cash Instruments	CESSA Housing Association Limited	Charles Stanley	Total
	£	£	£	£	£	£
Market value at 1 January 2013	242,609	1,131,175	182,230	493,000	816,189	2,865,203
Disposals at opening book value	-	-	(182,230)	(27,675)	(132,516)	(342,421)
Acquisitions at cost	-	-	-	-	135,546	135,546
Change in value in the year	(7,428)	174,145	-	-	48,178	214,895
<b>Market value at 31 December 2013</b>	<b>235,181</b>	<b>1,305,320</b>	<b>-</b>	<b>465,325</b>	<b>867,397</b>	<b>2,873,223</b>
Historical cost						
At 31 December 2013	52,795	496,298	-	465,325	777,874	1,792,292
At 31 December 2012	52,795	496,298	182,230	493,000	755,787	1,980,110

**16 Debtors**

	2013 £	2012 £
Trade debtors	6,328	6,752
Other debtors	15,216	-
Prepayments and accrued income	22,695	25,790
	<b>44,239</b>	<b>32,542</b>



**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>17 Creditors amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>91,120</b>	13,765
Taxes and social security costs	-	11,732
Accruals	<b>55,663</b>	78,881
	<b>146,783</b>	104,378

**18 Pension and other post-retirement benefit commitments**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £11,461 (2012- £8,036). Contributions totalling £nil (2012- £nil) were payable to the fund at the year end and are included in creditors.

**19 Share capital**

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

**20 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:

	<b>Balance at 1 January 2013</b>	<b>Movement in funds</b>		<b>Balance at 31 December 2013</b>
	<b>£</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>£</b>
LIBOR grant fund - Dhekelia Station Cyprus	-	35,000	(12,187)	<b>22,813</b>
	-	35,000	(12,187)	<b>22,813</b>

**LIBOR fund**

A grant has been received for the repair and improvement of the Family Beach Facility at Dhekelia Station in Cyprus, the unspent funds will be spent in 2014.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**21 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

	Movement in funds			
	Balance at 1 January 2013	Incoming resources	Resources expended	Transfers Balance at 31 December 2013
	£	£	£	£
Operating cost reserve	1,250,000	-	-	- 1,250,000
Investment in CESSA Housing Association Limited	493,000	-	-	(27,675) 465,325
Capital fund for future opportunities	1,667,711	-	-	164,251 1,831,962
Less revaluation reserve	(885,093)	-	-	(195,838) (1,080,931)
	<u>2,525,618</u>	<u>-</u>	<u>-</u>	<u>(59,262) 2,466,356</u>

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

**LIMITED BY GUARANTEE**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**22 Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2013 are represented by			
Tangible fixed assets	116,641	-	<b>116,641</b>
Investments	2,873,223	-	<b>2,873,223</b>
Current assets	704,206	22,813	<b>727,019</b>
Creditors amounts falling due within one year	(146,783)	-	<b>(146,783)</b>
	<u>3,547,287</u>	<u>22,813</u>	<u><b>3,570,100</b></u>
Unrealised gains included above			
On investments	1,080,931	-	<b>1,080,931</b>
	<u>1,080,931</u>	<u>-</u>	<u><b>1,080,931</b></u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 January 2013	867,066	-	<b>867,066</b>
In respect of disposals in year	(19,057)	-	<b>(19,057)</b>
	<u>848,009</u>	<u>-</u>	<u><b>848,009</b></u>
Net gains on revaluations in year	232,922	-	<b>232,922</b>
	<u>232,922</u>	<u>-</u>	<u><b>232,922</b></u>
Unrealised gains at 31 December 2013	<u>1,080,931</u>	<u>-</u>	<u><b>1,080,931</b></u>

**23 Net cash inflow/(outflow) from operating activities**

	2013 £	2012 £
Reconciliation to changes in resources		
Changes in resources before revaluations	<b>(68,188)</b>	(160,593)
Depreciation of tangible fixed assets	<b>78,324</b>	83,010
Profit on disposal of tangible fixed assets	<b>(350)</b>	(9,406)
Decrease in stocks	<b>32,666</b>	129,473
(Increase)/decrease in debtors	<b>(11,697)</b>	6,120
Increase/(decrease) in creditors	<b>42,405</b>	(120,524)
Effect of exchange differences on stock, debtors and creditors	<b>9,211</b>	(4,373)
	<u><b>82,371</b></u>	<u>(76,293)</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS  
LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>24 Reconciliation of net cash flow to movement in net funds</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Increase in cash</b>	<b>270,725</b>	115,263
<b>Movement in liquid resources</b>	-	(300,000)
<b>Movement in net funds</b>	<b>270,725</b>	(184,737)
<b>Net funds at 1 January 2013</b>	<b>204,120</b>	388,857
<b>Net funds at 31 December 2013</b>	<b>474,845</b>	204,120

<b>25 Analysis of net cash balances</b>	<b>At 1 January 2013</b>	<b>Cash flow</b>	<b>Non-cash changes</b>	<b>At 31 December 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash at bank and in hand</b>	204,120	270,725	-	474,845
	<b>204,120</b>	<b>270,725</b>	-	<b>474,845</b>

**26 Related parties**

CESSAC shares its Head Office with a sister organisation, Church of England Soldiers' Sailors' and Airmen's Housing Association Limited. Both have their own Boards and operate independently.