

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

(Short Title: CESSAC)

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

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

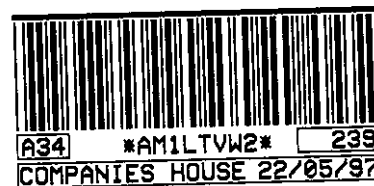
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## **FINANCIAL STATEMENTS**

**FOR**

**YEAR ENDED 31st DECEMBER 1996**



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MEMBERS OF THE COUNCIL OF CESSAC (The Directors/Trustees) (at 31 December 1996)	
Rear Admiral J L Blackham, CB DL (President)	Retired Naval Officer
Rear Admiral A G Watson, CB (Chairman)	Retired Naval Officer
Mr D W Russell	Solicitor
Squadron Leader (Retd) L R De Thier, CEng AFRAeS	Retired Royal Air Force Officer
Mr M G Power	Retired Civil Servant
Mr J R Wells, FCA	Company Director
Captain G A Plumer, RN	Retired Naval Officer
Captain A J B Paterson, RN	Retired Naval Officer
Captain A C Long, RN	Retired Naval Officer
Mr R Ruston	Retired Quality Controller (Engineering)
Captain C A Pask, RN	Retired Naval Officer
Lieutenant Colonel (Retd) I J Hamilton, Royal Signals	Retired Army Officer
Brigadier C A Brown	Company Chairman

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

## REPORT OF COUNCIL

The Council - which comprises the directors of CESSAC, all of whom served throughout the year except for Brigadier C A Brown (served from 8 May 1996) - presents its report together with the financial statements for the year ended 31 December 1996.

### Charitable Company Status

The Church of England Soldiers', Sailors' and Airmen's Clubs (short title: CESSAC) is a Company limited by Guarantee and not having share capital, registered in England (Company No. 34118) and is a Registered Charity (No.226684) which does not trade for profit and is exempt Corporation Tax. Its Memorandum and Articles of Association govern the charitable company, including the appointment and reappointment of its members of Council. CESSAC registered for VAT on 1 June 1996. (No. 675 8276 83).

### Council of CESSAC and Advisers

Members of the Council of CESSAC and the company's Auditors, Solicitors and Banker are listed on page 2.

CESSAC's objectives are the provision and management of sheltered housing in southern England for elderly ex Services people and their spouses, or their widows/widowers, and the operation of centres in military bases in support of the Active Services.

The present activities of the charitable company continue to be the provision of 14 sheltered flats at Glamis Court, Stubbington, the operation of the Dhekelia Club in Cyprus and the "Rendezvous", a new CESSAC Centre at the Royal School of Signals (Blandford Camp), sheltered housing support and management service to Greenwich Hospital and certain charitable support for Service and ex-Service personnel and their dependants. CESSAC did not actively fund-raise in 1996.

### Activities during 1996

Routine activities in the United Kingdom were the management of its own sheltered flats and the full management of 70 Greenwich Hospital sheltered flat (in Southsea and Saltash) and the associated care of over 100 elderly tenants.

The year began with the opening of the CESSAC Centre in Blandford Camp, Dorset on 15 January 1996; a new commitment. The "Rendezvous" is a welcome addition to the Garrison's amenities. At 31 December 1996 the deficit for the year in respect of this new centre was some £25,000, some £4,000 within CESSAC's projections made in late 1994. A further, smaller deficit is projected for 1997.

Activities in Cyprus for 1996 were as previous years, with the addition of a sun beds' hire service throughout the summer on the popular CESSAC Beach.

## Charitable Donations Made

Donations included the annual CESSAC Awards towards welfare support in the British Base, Dhekelia, Cyprus (£1409), Annual Study/Bursary Awards totalling £2,700 and £1,576 given in support of CESSAC's and CESSA Housing Association's elderly ex-Service tenants by way of Christmas grants etc. CESSAC makes no political contributions.

## Results

The Statement of Financial Activities showed the unrestricted funds' balance carried forward of £2,555,947 (1995: £2,385,277)

## Council's Responsibilities for the Financial Statements

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

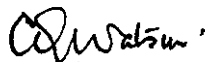
- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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

## Auditors

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

ON BEHALF OF COUNCIL



REAR ADMIRAL A G WATSON, CB  
CHAIRMAN  
8th May 1997

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

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

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

#### Respective Responsibilities of the Council and Auditors

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

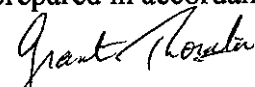
#### Basis of Opinion

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

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

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 1996 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

Portsmouth  
8th May 1997

**BALANCE SHEET AT 31 DECEMBER 1996**

	Notes	1996	1996	1995	1995
		£	£	Restated	Restated
				£	£
<b>Fixed Assets</b>					
Tangible fixed assets	12		568,097		572,623
Investments	15		1,434,989		1,280,805
<b>Total Fixed Assets:</b>			2,003,086		1,853,428
<b>Current Assets</b>					
Stock - at cost		64,529		66,137	
Debtors	13	2,582		1,332	
Cash at bank, short term deposits and in hand		551,998		497,318	
		619,109		564,787	
<b>Creditors:</b>					
amounts falling due within one year	14	(66,248)		(32,938)	
<b>Net Current Assets:</b>			552,861		531,849
<b>NET ASSETS</b>			2,555,947		2,385,277

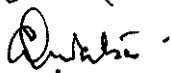
**Funds (all unrestricted)**

Revenue Reserve	16	2,109,697	1,941,977
Designated Housing Reserve	16	420,000	420,000
Designated Maintenance Reserve	16	26,250	23,300
		2,555,947	2,385,277

The financial statements were approved by the Council of CESSAC on 8th May 1997 and were signed on its behalf by:



(A C LONG) Council Member



(A G WATSON) Chairman and Council Member



(T B O'ROURKE) General Secretary and Treasurer

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

**STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended 31 December 1996

	<u>Notes</u>	<u>Unrestricted Funds 1996 £</u>	<u>Unrestricted Funds Restated 1995 £</u>
<b>Income and Expenditure</b>			
<b>Incoming Resources</b>			
Income from charitable trading activities		540,899	435,844
Investment Income		46,097	46,282
Subscriptions and donations		1,929	26,776
Rents receivable		38,327	36,921
Other Income		33,346	27,707
<b>Total Incoming Resources</b>		<u>660,598</u>	<u>573,530</u>
<b>Resources Expended</b>			
Direct Charitable Expenditure	3	540,775	489,033
Sheltered Housing	4	16,602	18,912
Fundraising and Publicity	5	475	868
Management and administration of the charity	6	61,247	58,188
Grants and donations		8,756	6,203
<b>Total Resources Expended</b>		<u>627,855</u>	<u>573,204</u>
<b>Net Incoming Resources – and surplus of income over expenditure for the year</b>		32,743	326
<b>Other recognised gains and losses</b>			
Unrealised exchange (losses)/gains		(16,257)	10,499
Unrealised gains on investments		154,184	195,603
		<u>137,927</u>	<u>206,102</u>
<b>Net Movement of Funds</b>		170,670	206,428
Balance brought forward at 1 January		2,385,277	1,982,502
Prior Year adjustment		---	196,347
<b>Balance carried forward at 31 December</b>		<u>2,555,947</u>	<u>2,385,277</u>
<b>Statement of total recognised gains and losses</b>			
Profit for the financial year		32,743	
Unrealised exchange (losses)		(16,257)	
Unrealised gains on investments		154,184	
		170,670	
Prior Year adjustment		391,950	
<b>Total gains and losses recognised since last Annual Report</b>		<u>562,620</u>	

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 1996**

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

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

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

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

#### **Prior Year**

Following the introduction of the Statement of Recommended Practice, the prior year figures have been restated to show investments at market value.

#### **Basis of Accounting**

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

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

#### **Turnover and Operating Income**

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

#### **Investments**

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

#### **Taxation**

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

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

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

#### **Stock**

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



**Auditors**

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

**Fixed Assets and Depreciation**

Freehold Properties are stated at cost.

Fixed assets include no building plots or properties under construction.

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

The Council of CESSAC may revalue its freehold properties at a future time observing that the insured rebuild value for all properties totals £692,065 (December 1996).

The number of freehold sheltered flats owned by CESSAC total 14 (1995 - 14). Sheltered flats under management, but not owned by CESSAC, total 70 (1995 - 70).

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

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

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

**Designated Maintenance Reserve**

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

This programme, and the experience of the last 7 years, allows the Company to operate without a committed provision for future repairs and maintenance. Actual costs incurred are normally charged to the income & expenditure account.

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

**Designated Housing Reserve**

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

<b>3. DIRECT CHARITABLE EXPENDITURE</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>Restated £</b>
Cost of Supplies	335,269	275,343
Salaries	135,473	99,620
Operating Costs	37,952	84,228
Depreciation	27,115	26,599
Audit	3,769	4,016
Exchange difference	1,197	(773)
<b>Totals:</b>	<b>540,775</b>	<b>489,033</b>

<b>4. SHELTERED HOUSING</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>Restated £</b>
Management cost	1,327	3,417
Repairs and maintenance	3,300	3,298
Service costs	11,975	12,197
<b>Totals:</b>	<b>16,602</b>	<b>18,912</b>

<b>5. FUNDRAISING AND PUBLICITY</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>Restated £</b>
Advertising	475	868

<b>6. MANAGEMENT AND ADMINISTRATION</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>Restated £</b>
Salaries	38,617	34,205
Office costs	11,063	14,795
Legal and Professional fees	2,322	2,226
Audit fees	3,300	2050
Travel	815	1056
Depreciation	5,130	3,856
<b>Totals:</b>	<b>61,247</b>	<b>58,188</b>

<b>7. TOTAL RESOURCES EXPENDED</b>	<b>Staff Costs</b>	<b>Deprec- iation</b>	<b>Other Work</b>	<b>Total 1996</b>	<b>Total Restated 1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Direct charitable purposes	135,473	27,115	378,187	540,775	489,033
Sheltered Housing	---	---	16,602	16,602	18,912
Fundraising and publicity	---	---	475	475	868
Management & administration	38,617	5,130	17,500	61,247	58,188
Grants and donations	---	---	8,756	8,756	6,203
<b>Totals:</b>	<b>174,090</b>	<b>32,245</b>	<b>421,520</b>	<b>627,855</b>	<b>573,204</b>

**8. DIRECTORS' EMOLUMENTS**

No member of the Council of CESSAC received any emoluments in 1996. (1995 - Nil).

Total expenses reimbursed to 6 Council members in respect of travel costs, not chargeable to UK income tax, totalled £638 (1995 - £911).

## 9. EMPLOYEE INFORMATION

Average Weekly Number of Staff employed during the Year			Staff costs		
	1996	1995		1996	1995
Category of Staff	No.	No.	Category of Cost	£	Restated £
Full time (UK)	4	-	Wages & salaries (UK)	83,887	32,672
Part time (UK)	7	5	UK Social Security (NI) costs	5,022	1,976
Full time (Cyprus)	9	10	Non-UK Employees' costs (Cyprus)	85,181	85,712
Part time (Cyprus)	7	5	Non-UK Staff- End-of Service Payments	---	13,465
<b>Total:</b>	<b>27</b>	<b>20</b>	<b>Total:</b>	<b>174,090</b>	<b>133,825</b>

The above amount include £36,756 paid over to the Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (a related party, being a Registered Social Landlord with charitable status) in respect of shared emolument costs of Head Office staff.

## 10. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996	1995
	£	Restated £
Interest receivable from bank/building society deposits	22,224	24,623
Dividends from quoted securities	23,873	21,659
<b>Total:</b>	<b>46,097</b>	<b>46,282</b>

## 11. SURPLUS OF INCOME OVER EXPENDITURE

	1996	1995
	£	Restated £
<b>Surplus of income over expenditure is stated after charging:</b>		
Depreciation - tangible owned fixed assets	32,245	30,455
Auditors' remuneration (inclusive of expenses/VAT) - audit services:		
Chysanthou & Christophorou (Cyprus)	3,769	4,016
Grant Thornton (United Kingdom)	3,300	2,050

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

	Freehold land & Buildings £	Short Leasehold Buildings £	Furniture, fittings & Equipment £	Motor Vehicles £	Totals £
<b>Cost</b>					
At 1 January 1996	459,902	183,281	114,786	22,482	780,451
Difference on exchange	---	(19,837)	(9,040)	(1,052)	(29,929)
Additions during year	---	7,177	30,264	---	37,441
Disposals/Transfers	---	---	(191)	---	(191)
<b>At 31 December 1996</b>	<b>459,902</b>	<b>170,621</b>	<b>135,819</b>	<b>21,430</b>	<b>787,772</b>
<b>Depreciation</b>					
At 1 January 1996	---	125,691	69,925	12,212	207,828
Difference on exchange	---	(13,604)	(5,973)	(630)	(20,207)
Charge for year	---	13,786	13,535	4,924	32,245
Disposals/Transfers	---	---	(191)	---	(191)
<b>At 31 December 1996</b>	<b>---</b>	<b>125,873</b>	<b>77,296</b>	<b>16,506</b>	<b>219,675</b>
<b>Net book value:</b>					
<b>At 31 Dec 1996</b>	<b>459,902</b>	<b>44,748</b>	<b>58,523</b>	<b>4,924</b>	<b>568,097</b>
<b>At 31 Dec 1995</b>	<b>459,902</b>	<b>57,590</b>	<b>44,861</b>	<b>10,270</b>	<b>572,623</b>

**13. DEBTORS**

	1996	1995 Restated
	£	£
Trade Debtors	493	508
Prepayments & other debtors	2,089	824
<b>Total:</b>	<b>2,582</b>	<b>1,332</b>

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

	1996	1995 Restated
	£	£
Trade Creditors	54,102	24,184
Social Security and other taxes	4,033	---
Other creditors and accruals	8,113	8,754
<b>Total:</b>	<b>66,248</b>	<b>32,938</b>

**15. LISTED INVESTMENTS**

	1996	1995 Restated
	£	£
Holdings and market values at 31 December:		
Charinco Accumulation Units	385,941	361,615
Charinco Distribution Units	9,953	10,047
Charishare Accumulation Units	406,466	347,552
Charishare Distribution Units	632,629	561,591
<b>Total:</b>	<b>1,434,989</b>	<b>1,280,805</b>
Cost at 31 December	888,855	888,855

**16. RESERVES (All unrestricted)**

	Revenue Reserve	Designated Housing Reserve	Designated Maintenance Reserve	TOTALS
	£	£	£	£
Balance at 1 January 1996	1,550,027	420,000	23,300	1,993,327
Prior year adjustment	391,950	---	---	391,950
Sub totals:	1,941,977	420,000	23,300	2,385,277
Transfer from Statement of Financial Activities	167,720	---	2,950	170,670
<b>Balance at 31 December 1996</b>	<b>2,109,697</b>	<b>420,000</b>	<b>26,250</b>	<b>2,555,947</b>

**17. CAPITAL COMMITMENTS**

The company had no capital expenditure contracted for but not provided for in the financial statements. (1995 - Nil).

The company had no capital expenditure authorised by the Council of CESSAC but not contracted for. (1995 - Nil).

**18. CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 1996. (1995 - Nil).