

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 2014

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

Council Members

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)

Chief Executive Officer

Commander P C Keefe Royal Navy

Secretary

Commander P C Keefe Royal Navy

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
PO6 4ST
Hampshire

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 2014

The Council Members present their report and accounts for the year ended 31 December 2014.

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 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). The directors of the company 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 the Council, which currently meets four times a year. The Council is supported by the Welfare Amenities Committee (WAC) that oversees the performance of the centres and makes recommendations to the Council. The Council and WAC are assisted in their responsibilities by the Chief Executive Officer (CEO) who manages the operations and personnel.

The following have held office as Council Members since 1 January 2014:

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)	(Appointed 12 February 2014)
Commander J F J Simpson Royal Navy	(Retired 1 March 2014)
Ms J H Evans	(Retired 1 March 2014)
Lieutenant Colonel D B Ruffle RE	(Retired 1 March 2014)
Commander R E Williams Royal Navy	(Retired 1 March 2014)

Those shown as having resigned as trustees above remain members of the charity and some sit on 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 2014

Objectives and activities

CESSAC's 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 2014, 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. 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 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. 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 agreement with Greenwich Hospital, a Crown Royal Navy Charity, to manage their 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.

Achievements and performance

Funding sources. 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/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.

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 income on investments and from other sources. Major improvements/repairs are paid for from the growth in the capital value 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. 2014 has been an exceptionally busy year as predicted. The CEO and Head Office team have delivered well against the objectives, many of which are listed in the separate sections that follow. The WAC undertook a thorough review of centre performance this year, confirming the continued relevance and charitable output of all of them. This will now be an annual exercise to ensure the optimum use of the charity's resources. It was also agreed to extend the existing study award system to include consideration of sponsored ordinands from the Services. The first of these grants was presented on 26 August 2014.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
COUNCIL MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

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, with at one end of the spectrum the Falklands' £95,000 dwarfing RAF Lossiemouth's £12,000 at the other. A new cafe, Matilda's, was opened successfully for Bovington Camp in February as planned. This was followed in quick succession by two for British Forces Germany; at Detmold in March and then Bielefeld in early May. This extraordinary achievement was only possible thanks to much teamwork, but especially the commitment of CESSAC's long-serving Margaret Ball (and her husband). They have moved to Germany to set these centres up and run them till their anticipated closures in about 2018 (when British Forces are planned to withdraw). In fact they had additional work because it transpired that, after an adjustment of British Forces plans, the centre at Detmold had to be relocated to Paderborn later in the year. Meanwhile CESSAC's CEO has been instrumental in establishing a new Cobseo 'cluster' for charities that support serving personnel as well as maintaining relationships with CVWW and other organisations.

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 obtain otherwise. 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. Stock levels have been reduced dramatically and matched to actual customer demand. All four centres remain well supported by the Command chain and valued by the Service personnel and their families, generating £1,221,245 of turnover this year. Apart from continuing to support the thousands of UK personnel in Cyprus, the main event there this year was the completion of the overdue repair work at the Dhekelia centre enabled by the balance of a grant received from the Armed Forces' Covenant Team's Libor fund in late 2013 (see Note 21). The centre at Akrotiri has been particularly busy since the summer with the start of Operation SHADER, where numerous aircraft and over 500 additional RAF personnel are deployed in response to events in Iraq. CEO has made a significant contribution to CESSAC Cyprus this year by completing successfully his negotiations to abate the leases paid to MoD.

Housing. Since 1974, to meet its aim with regard to elderly ex-Service personnel, CESSAC has provided financial support and donations to CESSA HA both directly for the benefit of tenants and also for improvements to buildings. In 2012 the charity loaned CESSA HA £520,000 at a reduced interest rate 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 22) and as an investment (Note 16). 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 16). The greater part is in BlackRock Common Investment Fund units, valued at £1,556,578 at 31 December 2014, with £908,033 in a Charles Stanley discretionary managed portfolio at medium low risk. The remainder (£102,463) is in a Virgin Money Charity Deposit Account at 1% (£100,000 was transferred to Charles Stanley during the year due to the fall in interest rate). The investment elements have performed well from a historical perspective (e.g. the Charles Stanley portfolio has increased by 54% including income taken since it was started, 19% without). However, due to market conditions towards the end of the year, the accounts only show a £3,678 increase. It is noted that the market rallied shortly afterwards and were valued at over £125,000 more by the meeting in February.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
COUNCIL MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

Operational performance. The Council and WAC accepted that the improving trend in CESSAC's finances would be interrupted in 2014 by deciding to seize the opportunity to take over the operation of 4 centres previously provided by another CVWW member. This naturally incurred costs, particularly deploying staff to Germany, and required a degree of investment in equipment. CEO successfully applied to the Army Central Fund to share some of those costs and their generous contribution of £14,425 can be seen as a 'Restricted' fund received and expended this year. The overall net costs were lower than expected and considered fully justified in support of CESSAC's charitable objectives. It has also been helpful that changes within CVWW have released over £12,000, which mainly accounts for the temporary jump in 'voluntary income' (Note 2), although there was also a significant donation, in gratitude for CESSAC's work, from Bielefeld station. Head Office has continued to play its part in keeping costs down and supporting all the operations and governance, including revising the Policies & Procedures and drafting a new Strategic Plan. This is illustrated at Note 9, where it can be seen that costs have decreased or increased below inflation except staff costs. The latter is mainly due to the directors' decision to increase the proportion of CEO's costs charged to CESSAC (compared with CESSA HA).

All the new centres have naturally 'cost' money in 2014, especially in Germany due to the unexpected transfer from Detmold to Paderborn. Paderborn opened in late November and has been able to operate fully since January 2015. Bovington was disrupted by the tragic death of a member of staff. Although Worthy Down opened in late 2013, it has generated a greater loss than hoped for in 2014, perhaps because of having the added challenge of different operating routines at lunchtime and in the evening (principally for trainees): this is being addressed. However, it was confirmed this year that the numbers there will triple by 2018, when turnover should increase and profitability is anticipated to improve.

Whilst the Council keeps a close check on any operating losses they do not account for much of the decrease shown in the total 'net outgoing resources' on page 9, which is a financial indicator of operating performance. £22,813 of this was simply spending the balance of the grant received in 2013 at Dhekelia, with the balance paid by CESSAC to complete the work. A better comparator with 2013's loss is the £79,203 shown under 'Unrestricted funds'. Much of this (£51,301) is the depreciation charge (Note 24) for historic capital expenditure that CESSAC has normally paid for from its reserves. A comparison of the 'adjusted' equivalent figures from 2013 & 2014 shows a £15,000 greater loss, principally explained by the opening of new centres, and better illustrates an improved performance, particularly in Cyprus. In Cyprus, the difference between the net incoming (Note 4) and outgoing (Note 6) resources shows an improvement of £25,000, despite lower turnover. Some £7,800 of this is due the partial abatement of leases in 2014, which will be worth nearly 12,400 a year henceforward.

'Net movement in funds' (pages 9 & 11). The decrease in funds (in addition to that already covered), is explained by non-operational issues. In particular, the falling value of the euro relative to sterling towards the end of the year has caused the 'exchange loss' of £31,241. It is important to highlight that this 'loss' would only be realised if trying to return everything it applies to into sterling, which there are no plans to do. Indeed, items like the stock are bought and sold in euros. Similarly, the increase in balance in 2013 was primarily due to the investments increasing in value between January and December by over £200,000, which was not the case in 2014 as reported in the Investment Performance section.

Reserves. The reserves policy was updated in 2014 and reviewed in February 2015 (see Note 22). With the increased number of centres and dispersion of cash between different banks/currencies the operational reserves have been increased to 9 months' of turnover, although this has not changed the actual level that remains at £1,250,000. Other reserves are 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, the charity expects to continue to use income on investment to help offset the losses and enable the charitable output to continue.

Asset cover for funds

Note 23 sets out an analysis of the assets attributable to the various funds and a description of the trusts. 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 2014**

Plans for the future

2015 needs to be a year of consolidation for the new centres and the future will be shaped by completion of the review of the Strategic Plan. CESSAC will work with Greenwich Hospital on the review of the management agreement, including developing a separate Strategic Plan for their sheltered housing. Head Office will embark on the preparation for the organisation's start date for pension auto-enrolment in November 2016. There remains an ongoing need to refresh the membership of the Charity from which to select for Committee and Council work.

Principle Risks and Uncertainties

The most significant risks to the charity relate to investments. The Council keeps these under review, but follows a policy of spreading investments at medium to low risk as described above. 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 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 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 are in place to mitigate exposure to the major external risks and it has taken a risk-based approach to internal controls, 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



Rear Admiral A R Rymer (Chairman)

Council Member

Dated: 6 May 2015

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS LIMITED BY GUARANTEE 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 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 LIMITED BY GUARANTEE INDEPENDENT AUDITORS' REPORT

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

We have audited the accounts of Church of England Soldiers', Sailors' and Airmen's Clubs for the year ended 31 December 2014 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 2014 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

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: 6 May 2015

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<u>Incoming resources from generated funds</u>					
Voluntary income	2	13,601	-	13,601	571
Investment income	3	83,870	-	83,870	85,491
		97,471	-	97,471	86,062
Incoming resources from charitable activities	4	1,462,950	14,425	1,477,375	1,670,378
Other incoming resources	5	81,506	-	81,506	77,410
Total incoming resources		1,641,927	14,425	1,656,352	1,833,850
<u>Resources expended</u>					
6					
<u>Costs of generating funds</u>					
Investment management costs		3,854	-	3,854	4,243
Net incoming resources available		1,638,073	14,425	1,652,498	1,829,607
<u>Charitable activities</u>					
Supporting HM Forces in the UK and overseas		371,522	24,219	395,741	295,442
Centres in Cyprus supporting HM Forces overseas		1,311,404	22,813	1,334,217	1,579,202
Total charitable expenditure		1,682,926	47,032	1,729,958	1,874,644
Governance costs		24,556	-	24,556	23,151
Total resources expended		1,711,336	47,032	1,758,368	1,902,038
Net outgoing resources before transfers		(69,409)	(32,607)	(102,016)	(68,188)
Gross transfers between funds	14	(9,794)	9,794	-	-
Net outgoing resources		(79,203)	(22,813)	(102,016)	(68,188)
<u>Other recognised gains and losses</u>					
(Losses)/gains on investment assets		3,678	-	3,678	209,550
Exchange gains/(losses)		(31,241)	-	(31,241)	18,027
Net movement in funds		(106,766)	(22,813)	(129,579)	159,389
Fund balances at 1 January 2014		3,547,287	22,813	3,570,100	3,410,711
Fund balances at 31 December 2014		3,440,521	-	3,440,521	3,570,100

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
Gross income	1,656,352	1,833,850
Loss on disposal of investment assets held by income funds	(5,336)	(5,345)
Total income	1,651,016	1,828,505
Total expenditure from income funds	1,758,368	1,902,038
Net expenditure for the year	(107,352)	(73,533)

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

Net expenditure for the year	(107,352)	(73,533)
Unrealised gains on investment assets held by income funds	9,014	214,895
Exchange gains/(losses)	(31,241)	18,027
	(129,579)	159,389

NOTE OF HISTORICAL COST INCOME AND EXPENDITURE

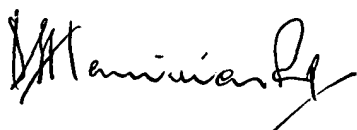
	2014 £	2013 £
Reported net expenditure for the year	(107,352)	(73,533)
Realisation of investment asset revaluation gains of previous years	5,213	13,711
Historical cost net expense	(102,139)	(59,822)

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

AS AT 31 DECEMBER 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	15	80,233		116,641	
Investments	16	2,901,569		2,873,223	
		<u>2,981,802</u>		<u>2,989,864</u>	
Current assets					
Stocks		169,559		207,935	
Debtors	17	27,823		44,239	
Cash at bank and in hand		405,327		474,845	
		<u>602,709</u>		<u>727,019</u>	
Creditors: amounts falling due within one year	18	<u>(143,990)</u>		<u>(146,783)</u>	
Net current assets		<u>458,719</u>		<u>580,236</u>	
Total assets less current liabilities		<u>3,440,521</u>		<u>3,570,100</u>	
Income funds					
Restricted funds	21	-		22,813	
Unrestricted funds:					
Designated funds	22	2,361,125		2,466,356	
Other charitable funds					
Revaluation reserve		<u>1,079,396</u>		<u>1,080,931</u>	
		<u>1,079,396</u>		<u>1,080,931</u>	
		<u>3,440,521</u>		<u>3,570,100</u>	

The accounts were approved by the Board and authorised for issue on 6 May 2015



Air Commodore D J Hamilton-Rump
Council Member



Mr B H Parsons FCA
Council Member

Company Registration No. 00034118

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

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	24	(21,770)	82,371
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(25,454)	(13,526)	
Payments to acquire investments	(263,969)	(135,546)	
Receipts from sales of tangible fixed assets	2,374	350	
Receipts from sales of investments	239,301	337,076	
Net cash (outflow)/inflow from capital expenditure and financial investment		(47,748)	188,354
(Decrease)/increase in cash	25	(69,518)	270,725

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

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.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 Accounting policies (Continued)

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 nine 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

	2014 £	2013 £
Donations and gifts	13,601	571

3 Investment income

	2014 £	2013 £
Income from listed investments	69,611	70,508
Interest receivable	14,259	14,983
	<u>83,870</u>	<u>85,491</u>

4 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Supporting HM Forces in the UK and overseas	241,705	14,425	256,130	228,291
Centres in Cyprus supporting HM Forces overseas	1,221,245	-	1,221,245	1,442,087
	<u>1,462,950</u>	<u>14,425</u>	<u>1,477,375</u>	<u>1,670,378</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

4 Incoming resources from charitable activities (Continued)

Included within income relating to Supporting HM Forces in the UK and overseas are the following grants

Army Central Fund	14,425	-
	<u>14,425</u>	<u>-</u>

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

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

	2014 £	2013 £
Net gain on disposal of fixed assets	1,409	350
Management fees and office rent	80,097	77,060
	<u>81,506</u>	<u>77,410</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

6 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2014 £	Total 2013 £
Costs of generating funds						
Investment management costs	-	-	3,854	-	3,854	4,243
Charitable activities						
<u>Supporting HM Forces in the UK and overseas</u>						
Activities undertaken directly	191,206	2,485	128,849	-	322,540	227,636
Grant funding of activities	-	-	-	4,753	4,753	3,742
Support costs	62,405	137	5,906	-	68,448	64,064
Total	253,611	2,622	134,755	4,753	395,741	295,442
<u>Centres in Cyprus supporting HM Forces overseas</u>						
Activities undertaken directly	428,737	48,576	815,348	-	1,292,661	1,540,385
Grant funding of activities	-	-	-	3,902	3,902	3,016
Support costs	29,437	65	8,152	-	37,654	35,801
Total	458,174	48,641	823,500	3,902	1,334,217	1,579,202
	711,785	51,263	958,255	8,655	1,729,958	1,874,644
Governance costs	17,661	1,173	5,722	-	24,556	23,151
	729,446	52,436	967,831	8,655	1,758,368	1,902,038

Governance costs include amounts payable to the auditors of £2,542 (2013- £2,795) for audit fees and £840 (2013- £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 2014**

7 Activities undertaken directly

	2014 £	2013 £
Other costs relating to Supporting HM Forces in the UK and overseas comprise:		
Cost of supplies	74,335	80,481
Operating costs	45,054	20,991
Cash variances	-	1,009
Management fee	9,460	7,568
	<u>128,849</u>	<u>110,049</u>
Other costs relating to Centres in Cyprus supporting HM Forces overseas comprise:		
Cost of supplies	634,961	772,274
Operating costs	148,726	198,424
Audit fees (Cyprus)	8,848	9,007
Dhekelia premises repairs	22,813	12,187
	<u>815,348</u>	<u>991,892</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

8 Grants payable

	2014	2013
	£	£
Supporting HM Forces in the UK and overseas	4,753	3,742
Centres in Cyprus supporting HM Forces overseas	3,902	3,016
	<u>8,655</u>	<u>6,758</u>

CESSAC made the following principal donations in the UK:

Grants to CESSA HA tenants for Christmas social functions - £3,024.

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

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

Donations	Value
Akrotiri Station Fun Day	€ 1,000
Carter Cup	€ 630
RAF Police Dogs	€ 150
RAF Ladies Sports	€ 150
Air Training Corps	€ 150
Akrotiri Archaeology Group	€ 150
Episkopi Military Wives Choir	€ 800
Akrotiri Xmas Market	€ 190
Episkopi Station Xmas Fair	€ 355
Dhekelia Golf Club	€ 500
ESBA Scouts Swimathon	€ 200
Total	€ 4,275

Various smaller donations totalling €500 to:- Easter Colouring Competition, Episkopi Station, BFBS Half Term Promotion, Episkopi Xmas Market, Akrotiri Swimming Pool, Episkopi Fete, Home Start, BARC (BF Animal Rehoming Centre), Akrotiri Joint Police Unit Fun Day, Dhekelia Dash, Episkopi Charity Fashion Show, Postal Troops (Akrotiri & Episkopi), 2 Yorks Xmas Defence Ops, Episkopi Security Force Police.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

9 Support costs

	Supporting HM Forces in the UK and overseas £	Centres in Cyprus supporting HM Forces overseas £	Total 2014 £	Total 2013 £
Head office and management costs	4,990	6,888	11,878	11,072
Travel and associated costs	916	1,264	2,180	3,837
Staff costs	62,405	29,437	91,842	84,754
Depreciation	137	65	202	202
	<u>68,448</u>	<u>37,654</u>	<u>106,102</u>	<u>99,865</u>

10 Governance costs

	2014 £	2013 £
Other governance costs comprise:		
Legal and professional fees	331	285
Audit and accountancy fees (Head office, UK)	4,122	3,895
Committee costs and expenses	1,269	2,635
	<u>5,722</u>	<u>6,815</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 (2013 - 6 were reimbursed £855).

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2014 Number	2013 Number
Full time (UK, FI & BFG)	5	3
Part time (UK, FI & BFG)	20	10
Full time (Cyprus)	9	9
Part time (Cyprus)	28	29
	62	51

Employment costs

	2014 £	2013 £
Wages and salaries	660,792	621,205
Social security costs	62,448	56,382
Other pension costs	6,206	11,461
	729,446	689,048

Chief Executive Remuneration. After receiving a contribution of £15,655 (2013 - £22,796) 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 £41,380 (2013 - £32,751). 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 £1,540 (2013 - £584) from CESSAC during the year after apportionment with CESSA HA who contributed a further £1,027 (2013 - £876). He has no other individual pension arrangement to which CESSAC makes a contribution.

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.

14 Transfers

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

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

15 Tangible fixed assets

	Land and buildings	Furniture, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2014	823,427	501,756	98,194	1,423,377
Additions	-	13,010	12,444	25,454
Disposals	-	-	(23,523)	(23,523)
At 31 December 2014	823,427	514,766	87,115	1,425,308
Depreciation				
At 1 January 2014	790,083	429,020	96,094	1,315,197
On disposals	-	-	(21,423)	(21,423)
Charge for the year	24,224	24,588	2,489	51,301
At 31 December 2014	814,307	453,608	77,160	1,345,075
Net book value				
At 31 December 2014	9,120	61,158	9,955	80,233
At 31 December 2013	35,649	78,892	2,100	116,641

The net book value of land and buildings comprises:

	2014	2013
	£	£
Freeholds	9,120	9,360
Short leaseholds (under 50 years)	-	26,289
	9,120	35,649

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

16 Fixed asset investments

	Charinco Units	Charishare Units	CESSA Housing Association Limited	Charles Stanley	Total
	£	£	£	£	£
Market value at 1 January 2014	235,181	1,305,320	465,325	867,397	2,873,223
Disposals at opening book value	-	-	(28,367)	(216,270)	(244,637)
Acquisitions at cost	-	-	-	263,969	263,969
Change in value in the year	29,651	(13,574)	-	(7,063)	9,014
Market value at 31 December 2014	264,832	1,291,746	436,958	908,033	2,901,569
Historical cost:					
At 31 December 2014	52,795	496,298	436,958	836,122	1,822,173
At 31 December 2013	52,795	496,298	465,325	777,874	1,792,292

17 Debtors

	2014 £	2013 £
Trade debtors	6,021	6,328
Other debtors	324	15,216
Prepayments and accrued income	21,478	22,695
	27,823	44,239

18 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	89,532	91,120
Taxes and social security costs	7,243	-
Accruals	47,215	55,663
	143,990	146,783

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

19 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 £6,206 (2013- £11,461). Contributions totalling £nil (2013- £nil) were payable to the fund at the year end and are included in creditors.

20 Share capital

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

21 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 2014 £	Movement in funds		Transfers	Balance at 31 December 2014 £
		Incoming resources £	Resources expended £	£	
LIBOR grant fund - Dhekelia Station Cyprus	22,813	-	(22,813)	-	-
Army Central Fund	-	14,425	(24,219)	9,794	-
	<u>22,813</u>	<u>14,425</u>	<u>(47,032)</u>	<u>9,794</u>	<u>-</u>

LIBOR fund

A grant was received for the repair and improvement of the Family Beach Facility at Dhekelia Station in Cyprus and the unspent funds brought forward were spent in 2014.

Army Central Fund

A grant was received to contribute towards the revitalisation of four centres to enable them to re-open as soon as possible after vacation by the previous agent.

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

22 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 2014 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 December 2014 £
Operating cost reserve	1,250,000	-	-	1,250,000
Investment in CESSA Housing Association Limited	465,325	-	(28,367)	436,958
Capital fund for future opportunities	1,831,962	-	(78,399)	1,753,563
Less revaluation reserve	(1,080,931)	-	1,535	(1,079,396)
	<u>2,466,356</u>	<u>-</u>	<u>(105,231)</u>	<u>2,361,125</u>

23 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2014 are represented by:			
Tangible fixed assets	80,233	-	80,233
Investments	2,901,569	-	2,901,569
Current assets	602,709	-	602,709
Creditors: amounts falling due within one year	(143,990)	-	(143,990)
	<u>3,440,521</u>	<u>-</u>	<u>3,440,521</u>
Unrealised gains included above:			
On investments	1,079,396	-	1,079,396
	<u>1,079,396</u>	<u>-</u>	<u>1,079,396</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 January 2014	1,080,931	-	1,080,931
In respect of disposals in year	(10,549)	-	(10,549)
	<u>1,070,382</u>	<u>-</u>	<u>1,070,382</u>
Net gains on revaluations in year	9,014	-	9,014
	<u>1,079,396</u>	<u>-</u>	<u>1,079,396</u>

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS
LIMITED BY GUARANTEE**
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FOR THE YEAR ENDED 31 DECEMBER 2014

24	Net cash inflow from operating activities	2014	2013
		£	£
	Reconciliation to changes in resources		
	Changes in resources before revaluations	(102,016)	(68,188)
	Depreciation of tangible fixed assets	51,301	78,324
	Profit on disposal of tangible fixed assets	(274)	(350)
	Decrease in stocks	38,376	32,666
	Decrease/(increase) in debtors	16,416	(11,697)
	(Decrease)/Increase in creditors	(2,793)	42,405
	Effect of exchange differences on stock, debtors and creditors	(22,780)	9,211
		<u>(20,635)</u>	<u>82,371</u>

25	Reconciliation of net cash flow to movement in net funds	2014	2013
		£	£
	(Decrease)/increase in cash	(69,518)	270,725
	Net funds at 1 January 2014	474,845	204,120
	Net funds at 31 December 2014	<u>405,327</u>	<u>474,845</u>

26	Analysis of net cash balances	At 1 January 2014	Cash flow	Non-cash changes	At 31 December 2014
		£	£	£	£
	Cash at bank and in hand	474,845	(69,518)	-	405,327
		<u>474,845.00</u>	<u>(69,518.00)</u>	<u>-</u>	<u>405,327.00</u>

27 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.