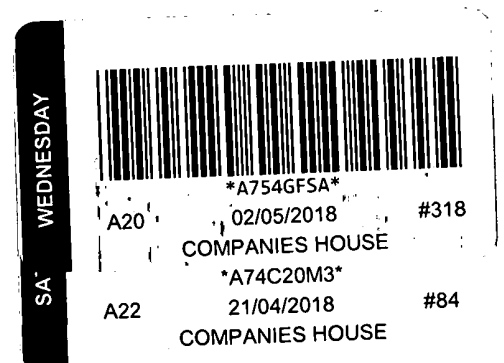


6042

Charity Registration No. 226684

Company Registration No. 00034118 (England and Wales)

8P  
**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S CLUBS**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



8/2

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

## LEGAL AND ADMINISTRATIVE INFORMATION

---

<b>Council Members</b>	Rear Admiral A R Rymer (Chairman) Colonel C E H Ackroyd TD RD DL Commander S F Carter RN Mr A J Cobb Air Commodore D J Hamilton-Rump RAF Commander A E Mizen RN Mrs A C Rodgers FCA
<b>Chief Executive Officer</b>	Commander P C Keefe RN
<b>Secretary</b>	Commander P C Keefe RN
<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>Auditor</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 Morgan LLP Harbour Court Compass Road North Harbour Portsmouth Hampshire PO6 4ST

---

# CHURCH OF ENGLAND SOLDIERS', SAILORS' <sup>21</sup>AND AIRMEN'S CLUBS

## CONTENTS

---

	Page
Council Members' report	1 - 6
Statement of Council members' responsibilities	7
Independent auditor's report	8 - 9
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the accounts	13 - 26

---

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

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

FOR THE YEAR ENDED 31 DECEMBER 2017

---

The Council members present their report and accounts for the year ended 31 December 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

### Objectives and activities

The Church of England Soldiers', Sailors' and Airmen's Clubs (short title: CESSAC) originated in Aldershot in 1857 to provide an alcohol-free, non-proselytising home-from-home for soldiers. Its founding precept (circa 1881) included its intention: "to provide for the Nation's soldiers, places where they can resort and find rest and healthy recreation and where they can associate on terms of friendly intercourse". The success of the original facility resulted in many others being opened over the years (and many closing again to match changing demand). Apart from the fact that the charity's reach has extended to cover sailors and then airmen, that precept remains as true today. CESSAC's principal aims are still, therefore, the operation of homely, welcoming amenity centres in military bases in support of the Armed Forces and the promotion of the latter's efficiency. At 31 December 2017, there were 10 such centres, 4 in one group (all in Cyprus) and another group with 3 in UK, 2 in Germany and one in the Falklands.

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

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

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

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

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

## COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

---

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

In 2012 the charity loaned CESSA HA £520,000 at an interest rate of 2.5% (renewed in 2016 for a further 3 years) that enabled the latter to save money by redeeming its expensive mortgages (taken out when rates were over 10%). This arrangement also provides a better income for the charity than is currently available from its deposit accounts. Accordingly, the remaining balance of this beneficial loan is recorded as a Designated Fund (Note 23).

### **Achievements and performance**

**General.** The Director of Operations has driven on with progress on the remaining recommendations from the external review of CESSAC's operations, so that they are all now either complete or incorporated as normal business. The most significant of these was implementation of the reduction to a single Area Manager in Cyprus on 19 January 2017, when we therefore bade a very sad farewell to one of the two after over 20 years based at Dhekelia. This move has, however, enabled other efficiency measures via a whole-island approach. Another significant investment of time was to change the way the electronic point-of-sale system was being used, which has now dramatically reduced the administration load on Team Leaders.

The Welfare Amenity Committee (WAC) undertook its annual review of centre performance, confirming the continued relevance and charitable output of all of them. The study award system continues with one payment made. Meanwhile CEO continues to represent CESSAC at meetings of CVWW and Cobseo, the Confederation of Service Charities. These provide invaluable information, insight and opportunities to work with other charities.

**Centres in UK, Germany and Falklands.** These are straightforward coffee shops or cafes providing a homely and welcoming environment for Service personnel and their families, often adjacent to recreational facilities and/or the chaplaincy. Accordingly, each has a relatively modest turnover (all under £100K) with the Falklands and Blandford the highest. The newest centre at Colchester has been fulfilling its potential and was visited by the Chairman, Blandford has performed particularly strongly and Matilda's at Bovington continues to meet a need there. Sadly 2017 saw the not-unexpected end at Worthy Down in May, after it was announced that Alfies would not be relocated as part of the redevelopment of the building.

The Oasis continues to provide an essential service in the Falklands and Director of Operations visited in the winter having worked very hard to enable the Manager to redecorate it. The support for the Oasis was amply demonstrated this year by members of the Catering and Rations Flight, who ran a gruelling 74 mile mega-marathon to raise money for it in May. The incredibly impressive £1,094 raised by the end of 2017 was partially attributable to the team making our first use of the online Mydonate facility, including enabling £43 in gift aid. When it was time for our previous Manager to move on, it was very challenging to find a replacement, so we were delighted when we found someone who agreed to fly out from UK in the summer. He was immediately very busy and introduced a number of innovations. In Germany, Monty's at Bielefeld continues to perform strongly and Bluebells' at Paderborn has a good following. These have generated reduced losses this year, thanks to the selfless approach taken by staff, and remain important welfare facilities for the personnel remaining until British withdrawal in 2019.

**Centres in Cyprus.** Unlike the other centres, all four of CESSAC's locations in Cyprus include shops selling a permitted variety of often UK-sourced goods difficult to otherwise obtain. It has been reported previously that the turnover in the shops is being reduced by the rise of internet shopping and this has continued this year. The effects are being monitored carefully, because it is more difficult to justify running any shop at a loss than a cafe. Donations made totalling over €5K are listed at Note 9.

All four centres remain well supported by the Command chain and valued by the thousands of UK Service personnel and their families, generating £1,276,023 of turnover this year, particularly in the cafes. At Nicosia, CESSAC continued to operate a seasonal facility that supports the swimming pool in the UN compound. Lady Lampson's cafe at RAF Akrotiri is still providing sterling support to both station staff and the hundreds of extra RAF personnel deployed for operations against Daesh in Iraq and Syria. After 10 dedicated years there, our Team Leader returned to UK, but fortunately we found a worthy replacement.

82

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

## COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

---

Episkopi is still experiencing the effect of the reduced number of families that have accompanied the Battalion, but under new management, performance is being maintained. Dhekelia has experienced a lower turnover than recently, but the fair was successfully held in October with help from all the centres to raise nearly €3K for local & military charities.

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

**Fundraising.** CESSAC does not undertake fundraising from the public itself, but that undertaken in the Falklands has already been mentioned above. Although the Collection Boxes were introduced into its locations mainly to underline the point that CESSAC is a charity, in their first full year they have raised a very welcome £808 and €2,078.

**Investment performance.** The investment elements have performed well from a historical perspective as well as generating invaluable income – this year £115,320, mainly from Armed Forces Common Investment Fund (AFCIF) distribution units. The significant increase in value of £198,730 is most welcome.

### Financial review

The results for the year are set out on page 10. It is clearly very welcome that the net movement in funds shows a surplus of £158,624, although it includes a gain on investments of £198,730. It also includes a gain on exchange of £10,088, which would only be realised if all the goods it applies to (mainly in Cyprus) were turned from euros into sterling, which is never likely. Therefore the actual operating position showed a loss of £50,194, but a significant amount of this is the liability for a redundancy payment that should not affect 2018.

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

**Reserves Policy.** The reserves policy is reviewed annually and in 2017 operational reserves were maintained at 9 months' of turnover, £1,250,000, to cover the number of centres and dispersion of cash between different banks/currencies. Other reserves are maintained to fund repairs/improvements of the Clubs and/or make donations in furtherance of the charity's aims (see Note 23). However, since the trading income alone has been insufficient to fund centre operations for some years, the charity expects to continue to use income from investments to enable the charitable output to continue.

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

### Principle risks and uncertainties

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

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

## COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

---

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

Withdrawal from any centre is considered if sustained losses there cannot be justified by the assessed charitable benefit in that location, but otherwise service is maintained as long as the overall performance of the charity is satisfactory. 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 risk policy was revised in 2015 and the entire register transferred to a format based on a detailed matrix. A clear system is operated to ensure that every risk is reviewed either by Council or WAC at least annually.

### Plans for the future

Work continues to negotiate the lease for Rock Barracks in Woodbridge, Suffolk and it is hoped this may open around June. In Cyprus, an extension to the amount of beach that can be used for sunbeds at Dhekelia, supplied by a new kiosk, has been negotiated. The possibility of starting the season with a second annual fair there is being explored, as is any potential to provide support inside the wire still. The future of the centre at Nicosia in Cyprus is currently awaiting the outcome of a bidding exercise required by the United Nations. Other opportunities are explored whenever possible, and this has already resulted in visits to Larkhill and RAF Cosford in 2018. Head Office staff will be kept busy ensuring the organisation is ready for the General Data Protection Regulations on 25 May. Quinquennial reviews are planned for both auditors and investment managers.

### Going Concern

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

### Structure, governance and management

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

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

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

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

## COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

---

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

Rear Admiral A R Rymer (Chairman)  
Colonel C E H Ackroyd TD RD DL  
Commander S F Carter RN  
Mr A J Cobb  
Air Commodore D J Hamilton-Rump RAF  
Commander A E Mizen RN  
Mrs A C Rodgers FCA

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

**The Charity Governance Code.** When this was renewed in 2017, the Council immediately employed it as a tool to drive continuous improvement and resulted in the following to fulfil the aim to 'apply or explain'. Performance against the Charity Commission Code of Governance has been assessed. The organisation met all criteria, save for one or two relating to Equality and Diversity, which history and recruitment opportunities render difficult for CESSAC to achieve, notwithstanding a stated and recently updated Policy in this area, applied across the organisation. Subject to the usual ebb and flow of representation in a relatively small organisation, gender balance overall has been satisfactory. However, an underlying requirement for military experience, and the need to maintain a range of skills and qualifications against low turnover, together with some geographical restrictions, have limited the available field from which minority involvement in governance matters can be drawn. In order to maximise the opportunity for minority participation in future, recruitment criteria, advertising and procedures will be reviewed, and training in equality and diversity awareness will be undertaken.

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

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



# CHURCH OF ENGLAND SOLDIERS', SAILORS' <sup>81</sup>AND AIRMEN'S CLUBS

## COUNCIL MEMBERS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

---

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

### **Asset cover for funds**

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

### **Registered Charitable Objects**

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

- (i) To open, carry on, establish and maintain Church of England Soldiers', Sailors' <sup>81</sup>and Airmen's Clubs or Centres in military stations and other places at home and abroad, and to assist local or other efforts to open, carry on, establish and maintain such clubs or centres. The aim remains to provide homely facilities for serving personnel and/or their families. The benefit they derive from the centres is amply demonstrated by their use and the strength of support from the chain of command.
- (ii) To further the religious and charitable work of the Church of England amongst those serving in H.M. Forces. This is aimed serving personnel and achieved by working with Service Chaplains wherever possible, without impinging on the non-religious nature of the centres. It includes offering a grant to help Service-sponsored ordinands (Note 9).
- (iii) To relieve persons who have served in H.M. Forces and the dependants of such persons as are in need of assistance including the provision and management of housing. This aim is clear and currently largely, but not exclusively, delivered through the assistance provided to CESSA Housing Association.
- (iv) To promote the efficiency of H.M. Forces by the provision of facilities and equipment for educational, recreation and leisure pursuits for those serving in H.M. Forces, whether at Church of England Soldiers', Sailors' <sup>81</sup>and Airmen's Clubs or Centres or elsewhere and whether at home or abroad. This is a widely used broad Object to enable a wide range of support to be provided for the benefit of serving personnel as needs arise. The level of the losses over recent years has meant that this aim is currently supported by a number of small grants to other organisations, listed for Cyprus at Note 9.

### **Auditor**

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

### **Disclosure of information to auditor**

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

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

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

  
**Rear Admiral A R Rymer (Chairman)**  
Council Member  
Dated: 11 April 2018

# CHURCH OF ENGLAND SOLDIERS', SAILORS' <sup>81</sup>AND AIRMEN'S CLUBS

## STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

---

The Council members, who are also the directors of Church of England Soldiers', Sailors' <sup>8</sup>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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

We have audited the accounts of Church of England Soldiers', Sailors' ~~and~~ Airmen's Clubs (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 22 to the accounts, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council members' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Council members have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Council members are responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the Council Members' Report; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

81

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

81

#### Responsibilities of Council members

As explained more fully in the Statement of Council Members' Responsibilities, the Council members, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Council members are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

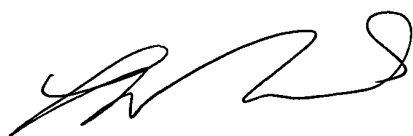
#### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

11 April 2018

**Chartered Accountants**  
**Statutory Auditor**

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

Jones Avens Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

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

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b><u>Income and endowments from:</u></b>			
Voluntary income	3	3,058	3,771
Charitable activities	4	1,551,798	1,577,498
Investments	5	115,320	107,612
Other income	6	85,429	84,694
<b>Total income</b>		<b>1,755,605</b>	<b>1,773,575</b>
<b><u>Expenditure on:</u></b>			
Raising funds	7	4,721	4,443
Charitable activities	8	1,801,078	1,816,988
<b>Total resources expended</b>		<b>1,805,799</b>	<b>1,821,431</b>
Net gains/(losses) on investments	13	198,730	214,348
<b>Net incoming resources</b>		<b>148,536</b>	<b>166,492</b>
<b>Other recognised gains and losses</b>			
Other gains or losses	15	10,088	36,663
<b>Net movement in funds</b>		<b>158,624</b>	<b>203,155</b>
Fund balances at 1 January 2017		3,643,466	3,440,311
<b>Fund balances at 31 December 2017</b>		<b>3,802,090</b>	<b>3,643,466</b>

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

All income and expenditure derive from continuing activities.

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

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

## BALANCE SHEET

AS AT 31 DECEMBER 2017


	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	16	59,296		56,238	
Investments	17	3,263,688		3,074,325	
		3,322,984		3,130,563	
<b>Current assets</b>					
Stocks	19	194,790		192,355	
Debtors	20	38,912		51,498	
Cash at bank and in hand		403,131		363,263	
		636,833		607,116	
<b>Creditors: amounts falling due within one year</b>	21	(157,727)		(94,213)	
Net current assets		479,106		512,903	
<b>Total assets less current liabilities</b>		3,802,090		3,643,466	
<b>Income funds</b>					
<u>Unrestricted funds</u>					
Designated funds	23	3,802,090		3,643,466	
		3,802,090		3,643,466	
		3,802,090		3,643,466	

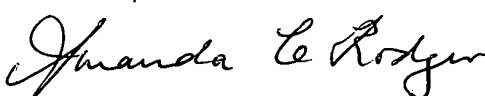
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2017, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

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

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

The accounts were approved by the Council Members on 11 April 2018

  
Rear Admiral A R Rymer (Chairman)  
Trustee

  
Mrs A C Rodgers FCA  
Trustee

Company Registration No. 00034118

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

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	24		(68,378)		(122,682)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(21,405)		(13,258)	
Proceeds on disposal of tangible fixed assets		1,612		2,570	
Repayment of investment loans and receivables		30,548		29,803	
Purchase of investments		(191,150)		(64,559)	
Proceeds on disposal of investments		169,969		52,350	
Interest received		115,320		107,612	
<b>Net cash generated from investing activities</b>			104,894		114,518
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			36,516		(8,164)
Cash and cash equivalents at beginning of year			363,263		362,383
Effect of foreign exchange rates			3,352		9,044
<b>Cash and cash equivalents at end of year</b>			403,131		363,263

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

#### Charity information

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

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum & Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

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

#### 1.2 Going concern

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

#### 1.3 Charitable funds

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

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

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

#### 1.4 Incoming resources

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

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

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

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



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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

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

#### 1.5 Resources expended

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

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

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

#### 1.6 Tangible fixed assets

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

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

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

Freehold land is not depreciated.

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

#### 1.7 Fixed asset investments

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

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

#### 1.8 Impairment of fixed assets

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.9 Stocks

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

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

#### **Other financial liabilities**

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

#### **Derecognition of financial liabilities**

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

#### **1.12 Employee benefits**

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

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

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

#### **1.13 Retirement benefits**

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

#### **1.14 Leases**

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

#### **1.15 Foreign exchange**

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

#### **1.16 Taxation**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Critical accounting estimates and judgements

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

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

### 3 Voluntary income

	2017	2016
	£	£
Donations and gifts	3,058	3,771

### 4 Charitable activities

	Supporting HM Forces in the UK and overseas	Centres in Cyprus supporting HM Forces overseas	Total 2017	Total 2016
	£	£	£	£
Sales within charitable activities	275,775	1,276,023	1,551,798	1,577,498

#### Charitable trading income

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

### 5 Investments

	2017	2016
	£	£
Income from listed investments	105,391	96,384
Interest receivable	9,929	11,228
	115,320	107,612

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Other income

	2017	2016
	£	£
Net gain on disposal of tangible fixed assets	1,612	2,570
Other income	352	155
Management fees and office rent	83,465	81,969
	<u>85,429</u>	<u>84,694</u>

### 7 Raising funds

	2017	2016
	£	£
<u>Investment management</u>	4,721	4,443
	<u>4,721</u>	<u>4,443</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Charitable activities

	Supporting HM Forces in the UK and overseas £	Centres in Cyprus supporting HM Forces overseas £	Total 2017 £	Total 2016 £
Staff costs	228,595	486,024	714,619	698,189
Depreciation and impairment	4,697	14,578	19,275	25,766
Cost of supplies	75,441	623,909	699,350	729,013
Operating costs	23,336	183,040	206,376	197,663
	<u>332,069</u>	<u>1,307,551</u>	<u>1,639,620</u>	<u>1,650,631</u>
Grant funding of activities (see note 9)	650	4,876	5,526	5,789
Share of support costs (see note 10)	82,817	47,623	130,440	130,952
Share of governance costs (see note 10)	10,707	14,785	25,492	29,616
	<u>426,243</u>	<u>1,374,835</u>	<u>1,801,078</u>	<u>1,816,988</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>426,243</u>	<u>1,374,835</u>	<u>1,801,078</u>	
	<u>426,243</u>	<u>1,374,835</u>	<u>1,801,078</u>	
<b>For the year ended 31 December 2016</b>				
Unrestricted funds	426,656	1,388,244		1,814,900
Restricted funds	-	2,088		2,088
	<u>426,656</u>	<u>1,390,332</u>		<u>1,816,988</u>

### 9 Grants payable

CESSAC made the following principal donations in the UK:

Grants to CESSA HA tenants for Christmas social functions - £3,034.

Study bursaries to former pupils of military schools and Service sponsored ordinands - £650.

81

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 9 Grants payable

(Continued)

#### CESSAC Cyprus donations and sponsorship 2017:

Dhekelia Tennis Club	€ 300
1 Lancs Lourdes Trip	€ 200
ACF Banners	€ 1,000
RAMC Corp Day, Troodos	€ 300
Dhekelia Junior Ranks Welfare Facility	€ 240
2PWRR family bereavement	€ 200
SBAA police aircons	€ 1,050
Military Training Wing cooker	€ 235
St Barnabas Church	€ 333
Flamingo Theatre Club Akrotiri	€ 600
Hang 10 fridge/freezer	€ 400
Dhekelia Station bonfire night food	€ 135
Dhekelia wives Xmas party	€ 150
Various smaller donations totalling	€ 349
	<hr/>
	€ 5,492
	<hr/>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Support costs

	Support costs £	Governance costs £	2017 £	2016 £	Basis of allocation
Staff costs	108,211	20,612	128,823	129,646	On estimated time
Depreciation	202	38	240	240	Pro rata on staff time
Head office costs	21,607	-	21,607	21,057	Support
Travel & related costs	420	-	420	791	Support
Audit fees	-	3,619	3,619	3,999	Governance
Legal and professional	-	323	323	4,211	Governance
Committee costs and expenses	-	900	900	624	Governance
	<u>130,440</u>	<u>25,492</u>	<u>155,932</u>	<u>160,568</u>	
Analysed between					
Charitable activities	<u>130,440</u>	<u>25,492</u>	<u>155,932</u>	<u>160,568</u>	

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

### 11 Council Members

None of the Council members (or any persons connected with them) received any remuneration during the year, but 6 of them were reimbursed a total of £605 travelling expenses (2016 - 4 were reimbursed £550).



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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Employees

#### Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
Full time (UK, FI & BFG)	6	6
Part time (UK, FI & BFG)	14	18
Full time (Cyprus)	6	7
Part time (Cyprus)	33	33
	<u>59</u>	<u>64</u>

#### Employment costs

	£	£
Wages and salaries	785,730	777,312
Social security costs	43,681	41,249
Other pension costs	14,031	9,274
	<u>843,442</u>	<u>827,835</u>

#### Chief Executive Remuneration

After receiving a contribution of £23,601 (2016 - £18,471) from the Church of England Soldiers', Sailors' and Airmen's Housing Association (CESSA HA, a related party), emoluments (excluding pension and national insurance contributions) incurred in respect of the Chief Executive, the only Senior Executive, were £45,741 (2016 - £49,367). 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 from CESSAC of £4,574 (2016 - £4,261) after apportionment with CESSA HA who contributed a further £2,360 (2016 - £1,594). He has no other individual pension arrangement to which CESSAC makes a contribution. CESSAC & CESSA HA agreed the change in apportionment of the Chief Executive's costs shown from 1 January 2017.

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

### 13 Net gains/(losses) on investments

	2017 £	2016 £
Revaluation of investments	201,178	222,057
Gain/(loss) on sale of investments	(2,448)	(7,709)
	<u>198,730</u>	<u>214,348</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Taxation

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

### 15 Other gains or losses

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Foreign exchange gains	(10,088)	-	(10,088)	(36,663)
<b>For the year ended 31 December 2016</b>	<b>(35,774)</b>	<b>(889)</b>		<b>(36,663)</b>

### 16 Tangible fixed assets

	Land and buildings	Leasehold properties	Furniture, fittings & equipment	Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	12,000	890,797	580,882	59,058	1,542,737
Additions	-	-	18,155	3,250	21,405
Disposals	-	-	(13,256)	(8,952)	(22,208)
Exchange adjustments	-	32,590	18,430	1,857	52,877
<b>At 31 December 2017</b>	<b>12,000</b>	<b>923,387</b>	<b>604,211</b>	<b>55,213</b>	<b>1,594,811</b>
<b>Depreciation and impairment</b>					
At 1 January 2017	3,360	888,664	540,865	53,610	1,486,499
Depreciation charged in the year	240	552	15,086	3,637	19,515
Eliminated in respect of disposals	-	-	(13,256)	(8,952)	(22,208)
Exchange adjustments	-	32,512	17,540	1,657	51,709
<b>At 31 December 2017</b>	<b>3,600</b>	<b>921,728</b>	<b>560,235</b>	<b>49,952</b>	<b>1,535,515</b>
<b>Carrying amount</b>					
At 31 December 2017	8,400	1,659	43,976	5,261	59,296
<b>At 31 December 2016</b>	<b>8,640</b>	<b>2,133</b>	<b>40,017</b>	<b>5,448</b>	<b>56,238</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 17 Fixed asset investments

	Listed investments £	Other investments	Total £
<b>Cost or valuation</b>			
At 1 January 2017	2,696,246	378,079	3,074,325
Additions	191,150	-	191,150
Valuation changes	201,178	-	201,178
Disposals	(172,417)	(30,548)	(202,965)
At 31 December 2017	2,916,157	347,531	3,263,688
<b>Carrying amount</b>			
At 31 December 2017	2,916,157	347,531	3,263,688
At 31 December 2016	2,696,246	378,079	3,074,325

	2017 £	2016 £
Other investments comprise:		
Loans	347,531	378,079

#### Fixed asset investments revalued

Listed investments include an investment portfolio managed by Charles Stanley and an Armed Forces Common Investment Fund managed by Black Rock and are included on the basis of market value, with an historical cost of £2,493,038 (2016 - £ 2,472,852).

### 18 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	350,794	383,021
Instruments measured at fair value through income or expenditure	2,916,157	2,696,246
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	150,910	86,917

### 19 Stocks

	2017 £	2016 £
Finished goods and goods for resale	194,790	192,355

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	3,177	4,860
Other debtors	1,037	534
Prepayments and accrued income	34,698	46,104
	<u>38,912</u>	<u>51,498</u>

### 21 Creditors: amounts falling due within one year

	2017	2016
	£	£
Other taxation and social security	6,817	7,296
Trade creditors	60,391	40,478
Accruals and deferred income	90,519	46,439
	<u>157,727</u>	<u>94,213</u>

### 22 Auditor's ethical standards

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 23 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 2017	Incoming resources	Resources expended	Transfers	Balance at 31 December 2017
	£	£	£	£	£
Operating cost reserve	1,250,000	-	-	-	1,250,000
Investment in CESSA Housing Association Limited	378,079	-	-	(30,548)	347,531
Capital fund for future opportunities	2,015,387	-	-	189,172	2,204,559
	<u>3,643,466</u>	<u>-</u>	<u>-</u>	<u>158,624</u>	<u>3,802,090</u>

Reserves have been established as follows:

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

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

24 Cash generated from operations	2017 £	2016 £
Surplus for the year	148,536	166,492
Adjustments for:		
Investment income recognised in statement of financial activities	(115,320)	(107,612)
Foreign exchange differences	1,365	4,889
Gain on disposal of tangible fixed assets	(1,612)	(2,570)
Loss on disposal of investments	2,448	7,709
Fair value gains and losses on investments	(201,178)	(222,057)
Depreciation and impairment of tangible fixed assets	19,515	26,006
Movements in working capital:		
Decrease in stocks	4,450	2,887
Decrease/(increase) in debtors	13,058	(7,343)
Increase in creditors	60,360	8,917
<b>Cash absorbed by operations</b>	<u>(68,378)</u>	<u>(122,682)</u>