Charity Registration No. 226684

Company Registration No. 00034118 (England and Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

LEGAL AND ADMINISTRATIVE INFORMATION

Council Members	Rear Admiral A R Rymer (Chairman) Colonel C E H Ackroyd TD RD DL Mr A J Cobb Air Commodore D J Hamilton-Rump RAF Commander A E Mizen RN Mrs A C Rodgers FCA
Chief Executive Officer	Commander P C Keefe RN
Secretary	Commander P C Keefe RN
Charity number	226684
Company number	00034118
Principal address	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
Registered office	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
Auditor	Jones Avens Limited Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
Bankers	Lloyds Bank Plc 38 London Road North End Portsmouth Hampshire PO2 0LR
Solicitors	Blake Morgan LLP Harbour Court Compass Road North Harbour Portsmouth Hampshire PO6 4ST

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

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

COUNCIL MEMBERS' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2018

The Council members present their report and financial statements for the year ended 31 December 2018.

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' & 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 at military bases in support of the Armed Forces and the promotion of the latter's efficiency. At 31 December 2018, there were 10 such centres, 4 in one group (all in Cyprus) and another group with 4 in UK, one 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 Regulator of Social Housing and the 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 the 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 beneficiaries and the respective public benefits are detailed separately at the end of this report under each of the 4 registered objects. 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.

Due to the nature of CESSAC and its objects, its activities have already been described above; mainly the operation of its amenity centres (for objects i & iii) and ongoing support to CESSA HA and GHSH (object ii), as well as other eligible charities. Significant grants are only made when funds permit (but smaller grants for objects ii, iii & iv are made annually – see Note 9). 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. Head Office has been as busy as usual, including much work to achieve compliance with the General Data Protection Regulations (GDPR) that came into effect in May and dealing with a number of complex personnel issues. The 5-yearly review of auditors was completed by Directors while staff have been exploring the possibility of a new cafe for RAF Cosford. The Director of Operations has continued to improve our techniques everywhere in various ways, which has included: new coffee machines in several locations; much effort to get the Oasis redecorated in the Falklands; and saving administration time in Cyprus. Building on the experience of card payment at Colchester, this has been introduced into the other UK centres.

The Welfare Amenity Committee (WAC) undertook its annual review of centre performance, confirming the continued relevance and charitable output of all of them. 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 Woodbridge has been fulfilling its potential and was visited by the Chairman before the formal opening by the President. Matilda's at Bovington continues to meet a need there, Blandford has returned to more normal levels of usage after an exceptional 2017 and Colchester is generating significant use, but less income than hoped for. In Germany, Monty's at Bielefeld continues to perform strongly and benefitted from donations totalling over £780, but sadly 2018 saw the earlier-than-expected end at Paderborn in October, just after Director of Operation's first visit. This was precipitated by a combination of the fall in usage and staff absence in hospital. The Oasis continues to provide an essential service in the Falklands and Director of Operations visited again in the winter having worked very hard to enable the Manager to redecorate it. The support for the Oasis is regularly demonstrated by the Service Personnel, including fundraising of £730 this year, however, the costs of supplies have increased markedly. All employers at RAF Mount Pleasant have significant recruitment challenges, so we were pleased to be able to replace the previous manager in 2018 with someone already there. The Assistant Manager post has only been filled for 3 months out of the last few years.

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 €4.4K 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 £1,194,211 of turnover this year, particularly in the cafes. Staff instituted a recycling drive & oversaw significant roof repair projects at Akrotiri & Dhekelia this year. Increased efficiency in the centre at Nicosia has led to a smaller requirement for subsidising services there. At Akrotiri, staff have embraced a station project and are providing volunteering opportunities for some teenagers in the centre as well as looking after the hundreds of deployed personnel there. Episkopi continues to suffer from the trend for fewer families to accompany the Resident Battalion.

Dhekelia has been helped by the additional space for sun loungers and the new kiosk that serves them with an enhanced range of goods. Staff from all centres helped organise an extra fair at Dhekelia this year, which between them raised over €1K 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 for £3,246 (see Note 9).

Fundraising. CESSAC does not undertake fundraising from the public itself, but that undertaken on its behalf in the Falklands has already been mentioned above. It also benefitted this year from a few small donations, including being the charity chosen to benefit in lieu of flowers after the funeral of one of the housing tenants. The Collection Boxes were introduced into CESSAC's locations to underline the point that is a charity, but between them and the small donations mentioned they have raised £630 and €1,788 this year, although this may reduce with increasing use of card payment.

Investment performance. The investment elements have performed well from a historical perspective as well as generating invaluable income – this year £110,736, mainly from Armed Forces Common Investment Fund (AFCIF) distribution units. 2018 was a challenging year for investments generally, particularly the final quarter, so CESSAC's did well to only fall by £273,552 – fortunately the beginning of 2019 has already seen a significant rally.

Financial review

The results for the year are set out on page 10. It is clearly disappointing that the net movement in funds shows a deficit of £334,552, although it includes the fall on investments of £273,552 already mentioned. It also includes a gain on exchange of £4,142, 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 £65,142, which is £71k more than 2017 when compared before redundancy provision.

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 2018 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.

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

Over the charity's 125 years 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 explore opening a centre for RAF Cosford and any other places of need. At Akrotiri, staff have supported a project to provide a welfare facility for the hundreds of deployed personnel there, but although it was formally opened recently by the Duke & Duchess of Cambridge, the extent of CESSAC involvement is still being agreed. The Quinquennial review of investment managers is expected to conclude in April. Monty's at Bielefeld in Germany is scheduled to close in July as part of the overall British withdrawal.

Going concern

Rolling forecasts are maintained for both cash-flow and income & expenditure, both of which predict a challenging year ahead thanks to the trading conditions and the need for some repairs in Cyprus. There are no restricted funds so considering 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.

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 (Resigned 5 March 2019)
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. Performance against the Charity Commission Code of Governance and the Cobseo aide-memoire have 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 us to achieve, notwithstanding a stated 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.

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

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

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

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 in 'inverted commas', each followed by a summary of the benefits delivered to the respective beneficiaries:

(i) 'To open, carry on, establish and maintain Church of England Soldiers', Sailors' & 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 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 & GHSH.

(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' & Airmen's Clubs or Centres or elsewhere and whether at home or abroad'. This is a recognised 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 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 F Rymer (Chairman)
Council Member
Dated: 10 April 2019

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

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

The Council members, who are also the directors of Church of England Soldiers', Sailors' & 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' & AIRMEN'S CLUBS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accounts of Church of England Soldiers', Sailors' & Airmen's Clubs (the 'charity') for the year ended 31 December 2018 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 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 audits of 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 financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements 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 financial statements 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 financial statements is inconsistent in any material respect with the Council members' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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 financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 charitable 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 auditor 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 financial statements 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 financial statements.

A further description of our responsibilities for the audit of the financial statements 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.

Use of our 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

10 April 2019

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' & AIRMEN'S CLUBS

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds 2018 £	Total 2017 £
Income and endowments from:			
Voluntary income	3	2,148	3,058
Charitable activities	4	1,441,440	1,551,798
Investments	5	110,736	115,320
Other income	6	86,706	85,429
Total income		1,641,030	1,755,605
Expenditure on:			
Raising funds	7	4,605	4,721
Charitable activities	8	1,701,567	1,801,078
Total resources expended		1,706,172	1,805,799
Net gains/(losses) on investments	13	(273,552)	198,730
Net (outgoing)/incoming resources		(338,694)	148,536
Other recognised gains and losses			
Other gains or losses	15	4,142	10,088
Net movement in funds		(334,552)	158,624
Fund balances at 1 January 2018		3,802,090	3,643,466
Fund balances at 31 December 2018		3,467,538	3,802,090

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' & AIRMEN'S CLUBS

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	**16**		78,400		59,296
Investments	**17**		2,910,467		3,263,688
			2,988,867		3,322,984
Current assets					
Stocks	**19**	200,384		194,790	
Debtors	**20**	41,030		38,912	
Cash at bank and in hand		338,586		403,131	
		580,000		636,833	
Creditors: amounts falling due within one year	**21**	(101,329)		(157,727)	
Net current assets			478,671		479,106
Total assets less current liabilities			3,467,538		3,802,090
Income funds					
Unrestricted funds					
Designated funds	**23**	3,467,538		3,802,090	
			3,467,538		3,802,090
			3,467,538		3,802,090

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 2018, 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 financial statements 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 financial statements 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 10 April 2019

Rear Admiral A P Rymer (Chairman)
Trustee

Mrs A C Rodgers FCA
Trustee

Company Registration No. 00034118

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash absorbed by operations	**25**		(217,664)		(68,378)
Investing activities					
Purchase of tangible fixed assets		(39,243)		(21,405)	
Proceeds on disposal of tangible fixed assets		-		1,612	
Repayment of investment loans and receivables		31,312		30,548	
Purchase of investments		(11,671)		(191,150)	
Proceeds on disposal of investments		60,028		169,969	
Interest received		110,736		115,320	
Net cash generated from investing activities			151,162		104,894
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(66,502)		36,516
Cash and cash equivalents at beginning of year			403,131		363,263
Effect of foreign exchange rates			1,957		3,352
Cash and cash equivalents at end of year			338,586		403,131

1 Accounting policies

Charity information

Church of England Soldiers', Sailors' & 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 financial statements 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 financial statements, 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 financial statements.

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 financial statements.

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 financial statements.

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.

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.

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.

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.

2 Critical accounting estimates and judgements

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

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

3 Voluntary income

	Unrestricted funds	Total
	2018	2017
	£	£
Donations and gifts	2,148	3,058

4 Charitable activities

	Supporting HM Forces in the UK and overseas	Centres in Cyprus supporting HM Forces overseas	Total 2018	Total 2017
	£	£	£	£
Sales within charitable activities	247,229	1,194,211	1,441,440	1,551,798

Charitable trading income

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

5 Investments

	Unrestricted funds	Total
	2018	2017
	£	£
Income from listed investments	101,611	105,391
Interest receivable	9,125	9,929
	110,736	115,320

6 Other income

	Unrestricted funds	Total
	2018	2017
	£	£
Net gain on disposal of tangible fixed assets	-	1,612
Other income	724	352
Management fees and office rent	85,982	83,465
	86,706	85,429

7 Raising funds

	2018	**2017**
	£	**£**
Investment management	4,605	4,721
	4,605	4,721

8 Charitable activities

	Supporting HM Forces in the UK and overseas	Centres in Cyprus supporting HM Forces overseas	Total 2018	Total 2017
	£	£	£	£
Staff costs	222,667	407,636	630,303	714,619
Depreciation and impairment	3,487	16,948	20,435	19,275
Cost of supplies	71,869	572,748	644,617	699,350
Operating costs	33,593	193,251	226,844	206,376
	331,616	1,190,583	1,522,199	1,639,620
Grant funding of activities (see note 9)	50	3,998	4,048	5,526
Share of support costs (see note 10)	91,182	55,312	146,494	130,440
Share of governance costs (see note 10)	12,107	16,719	28,826	25,492
	434,955	1,266,612	1,701,567	1,801,078

9 Grants payable

CESSAC made the following principal donations in the UK:

Grants to CESSA HA tenants for Christmas social functions - £3,246.

CESSAC Cyprus donations and sponsorship 2018:

RAF Akrotiri Youth Services Football Camp	€ 2,340
RAF Akrotiri Beach Club	€ 1,000
Project Oasis (Op Shader)	€ 345
Episkopi medical centre	€ 250
RAMC Sunday Service	€ 220
St John's Ambulance	€ 100
Various smaller donations totalling	€ 180
	€ 4,435

10 Support costs

	Support costs	Governance costs	2018	2017
	£	£	£	£
Staff costs	114,488	21,807	136,295	128,823
Depreciation	202	38	240	240
Head office costs	30,663	-	30,663	21,607
Travel & related costs	1,141	-	1,141	420
Audit fees	-	3,757	3,757	3,619
Legal and professional	-	2,158	2,158	323
Committee costs and expenses	-	1,066	1,066	900
	146,494	28,826	175,320	155,932
Analysed between				
Charitable activities	146,494	28,826	175,320	155,932

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 £538 travelling expenses (2017 - 6 were reimbursed £605).

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Full time (UK, FI & BFG)	6	6
Part time (UK, FI & BFG)	14	14
Full time (Cyprus)	5	6
Part time (Cyprus)	31	33
	56	59

Employment costs	2018 £	2017 £
Wages and salaries	718,352	785,730
Social security costs	34,823	43,681
Other pension costs	13,423	14,031
	766,598	843,442

Chief Executive Remuneration

After receiving a contribution of £24,486 (2017 - £23,601) 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 £47,224 (2017 - £45,741). 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 £4,722 (2017 - £4,574) after apportionment with CESSA HA who contributed a further £2,449 (2017 - £2,360). 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 Net gains/(losses) on investments

	Unrestricted funds 2018 £	Total 2017 £
Revaluation of investments	(267,026)	201,178
Gain/(loss) on sale of investments	(6,526)	(2,448)
	(273,552)	198,730

14 Taxation

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

15 Other gains or losses

	Unrestricted funds	Total
	2018	2017
	£	£
Foreign exchange gains	(4,142)	(10,088)

16 Tangible fixed assets

	Land and buildings	Leasehold properties	Furniture, fittings & equipment	Vehicles	Total
	£	**£**	**£**	**£**	**£**
Cost					
At 1 January 2018	12,000	923,387	604,211	55,213	1,594,811
Additions	-	18,520	20,723	-	39,243
Disposals	-	-	(2,100)	-	(2,100)
Exchange adjustments	-	14,280	8,305	675	23,260
At 31 December 2018	12,000	956,187	631,139	55,888	1,655,214
Depreciation and impairment					
At 1 January 2018	3,600	921,728	560,235	49,952	1,535,515
Depreciation charged in the year	240	4,268	12,487	3,680	20,675
Eliminated in respect of disposals	-	-	(2,100)	-	(2,100)
Exchange adjustments	-	14,253	7,839	632	22,724
At 31 December 2018	3,840	940,249	578,461	54,264	1,576,814
Carrying amount					
At 31 December 2018	8,160	15,938	52,678	1,624	78,400
At 31 December 2017	8,400	1,659	43,976	5,261	59,296

17 Fixed asset investments

	Listed investments	Other investments	Total
	£		£
Cost or valuation			
At 1 January 2018	2,916,157	347,531	3,263,688
Additions	11,671	-	11,671
Valuation changes	(267,026)	-	(267,026)
Disposals	(66,554)	(31,312)	(97,866)
At 31 December 2018	2,594,248	316,219	2,910,467
Carrying amount			
At 31 December 2018	2,594,248	316,219	2,910,467
At 31 December 2017	2,916,157	347,531	3,263,688

	2018	2017
Other investments comprise:	£	£
Loans	316,219	347,531

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 £2,439,945 (2017 - £ 2,493,038).

18 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	318,518	350,794
Instruments measured at fair value through income or expenditure	2,594,248	2,916,157
Carrying amount of financial liabilities		
Measured at amortised cost	100,588	150,910

19 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	200,384	194,790

20 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	2,211	3,177
Other debtors	88	1,037
Prepayments and accrued income	38,731	34,698
	41,030	38,912

21 Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	741	6,817
Trade creditors	53,148	60,391
Accruals and deferred income	47,440	90,519
	101,329	157,727

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.

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:

	Balance at 1 January 2018 £	Transfers £	Balance at 31 December 2018 £
Operating cost reserve	1,250,000	-	1,250,000
Investment in CESSA Housing Association Limited	347,531	(31,312)	316,219
Capital fund for future opportunities	2,204,559	(303,240)	1,901,319
	3,802,090	(334,552)	3,467,538

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 Related party transactions

There were no disclosable related party transactions during the year (2017 - none).

25 Cash generated from operations

	2018	2017
	£	£
(Deficit)/surpus for the year	(338,694)	148,536
Adjustments for:		
Investment income recognised in statement of financial activities	(110,736)	(115,320)
Foreign exchange differences	770	1,365
Gain on disposal of tangible fixed assets	-	(1,612)
Loss on disposal of investments	6,526	2,448
Fair value gains and losses on investments	267,026	(201,178)
Depreciation and impairment of tangible fixed assets	20,675	19,515
Movements in working capital:		
(Increase)/decrease in stocks	(2,658)	4,450
(Increase)/decrease in debtors	(1,964)	13,058
(Decrease)/increase in creditors	(58,609)	60,360
Cash absorbed by operations	(217,664)	(68,378)