

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

(Short Title: CESSAC)

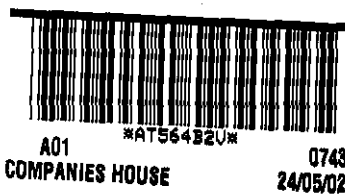
Registered and Principal Office: 1 Shakespeare Terrace, 126 High Street, Portsmouth PO1 2RH

Company limited by Guarantee - Company No.34118 (England)
Registered Charity No.226684

FINANCIAL STATEMENTS

FOR

YEAR ENDED 31st DECEMBER 2001



Final

Page 1

(Cover)

INDEX TO FINANCIAL STATEMENTS	
	<u>Page</u>
Cover Sheet – Registered Address etc.	1
CESSAC Council Members and Advisers (see below)	2
Report of Council	3-4
Report of the Auditors	5-6
Balance Sheet	7
Statement of Financial Activities	8
Notes to the Financial Statements	9-13
<u>NOTES</u>	
1. Company's Status and Legislative Provisions	9
2. Principal Accounting Policies	9-10
2A. Incoming Resources - Turnover	10
3. Direct Charitable Expenditure	11
4. Sheltered Housing for the Elderly	11
5. Fundraising and Publicity	11
6. Management and Administration	11
7. Total Resources Expended	11
8. Directors' Emoluments	11
9. Employee Information	12
10. Interest Receivable and Similar Income	12
11. Surplus on Ordinary Activities	12
12. Tangible Fixed Assets	12
13. Debtors	13
14. Creditors: Amounts falling due within one year	13
15. Listed Investments	13
16. Reserves (all unrestricted)	13
17. Capital Commitments	13
18. Contingent Liabilities	13

MEMBERS OF THE COUNCIL OF CESSAC (The Trustees) at 31 December 2001		
Rear Admiral A G Watson, CB	(President)	Retired Naval Officer
Brigadier C A Brown	(Chairman)	Retired Company Chairman
Rear Admiral J L Blackham, CB DL		Retired Naval Officer
Mr D W Russell		Solicitor
Captain A J B Paterson, Royal Navy		Retired Naval Officer
Captain A C Long, Royal Navy		Retired Naval Officer
Mr R Ruston		Retired Quality Controller (Engineering)
Captain C A Pask, Royal Navy		Retired Naval Officer
Lieutenant Colonel (Retd) C D Melhuish, Royal Signals		Retired Army Officer
Air Commodore M J Allisstone, CBE		Retired Air Force Officer
Commander G Greaves Royal Navy		Retired Naval Officer

Commander M R Marks OBE Royal Navy

General Secretary and Treasurer

Auditors	Solicitors	Bankers
Grant Thornton Manor Court, Barnes Wallis Road Segensworth Fareham PO15 5GT	Blake Laphorn Harbour Court, Compass Road North Harbour Portsmouth PO6 4ST	Lloyds Bank Plc 38 London Road Northend Portsmouth PO1 2RE

REPORT OF COUNCIL

The Council comprises the directors of CESSAC, all of whom served throughout the year with two exceptions. Regrettably Captain G Plumer, who had been a Council member since 1988, tendered his resignation in November, because of ill health. Commander G Greaves was elected a CESSAC member and co-opted to the Council in November. The Council presents this report together with the financial statements for the year ended 31 December 2001. The Council of CESSAC and the company's Auditors, Solicitors and Banker are listed on page 2.

Charitable Company Status

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

Objectives

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

Activities during 2001.

The present activities of the charitable company continue to be the provision of 14 sheltered flats at Glamis Court, Stubbington, the operation of the CESSAC Centres in Cyprus and at the Royal School of Signals (Blandford Camp), sheltered housing support and management service to Greenwich Hospital and certain charitable support for Service and ex-Service personnel and their dependants. This was the first period of operations with three centres in Cyprus at Dhekelia, Episkopi and Nicosia, the latter two having been taken over from the YMCA. The Cyprus operations have been put under the local control of a General Manager, Cyprus, Mrs Gina Potter. She has done an excellent job to draw together the two previous organisations and generate a strong and healthy CESSAC team spirit. The General Secretary of CESSAC visited briefly in April for the formal hand over ceremony at Episkopi by the Deputy Chief of Staff UK Forces Cyprus, Group Captain Murray. A similar ceremony took place at Episkopi with the UN Chief of Staff, Colonel Brooks. The Chairman visited all sites in August and the Vice-Chairman followed up in October. Both returned with much enthusiasm for the new organisation. The Cyprus Centres have managed to turn around a £3,000 deficit in 2000 to a £60,000 surplus in 2001. However, this must be set against the £123,000 cost of buying out the YMCA's fixtures, fittings, vehicles and stock. There was also a very limited spend on major improvements during the year until the viability of the project could be proved although some essential work for Nicosia is described below. This has meant that a substantial programme for next year has now been outlined. An exceptionally good start based on only nine months trading at Episkopi and Nicosia. The small facility in Nicosia in support of the UN forces, with a significant UK presence, stationed there was in urgent need of a refurbishment of the kitchen. A £10,000 project was approved and completed. In response the UN HQ staff provided an air conditioning unit and a large screen television.

Despite efforts by the Manager and all the staff, the trading figures for the Rendezvous at Blandford have slipped back from last year with a trading deficit of £9,513. This was a result of several factors including competition from other outlets, a smoking ban on the arcade adjacent to the Rendezvous by the Camp authorities, premature failure of a commercial dishwasher and upgrades required by the County Health Inspector including a new stainless steel grill extractor and other items. There has also been considerable staff turnover, a common occurrence in small catering organisations.

CESSAC's own flats at Glamis Court, Stubbington, and Greenwich Hospital's sheltered courts in Southsea and Saltash (fully managed by CESSAC) continue to be well-maintained and sound assets. The new conversion of a listed building in Greenwich to sheltered flats by Greenwich Hospital (a large Crown charity) under CESSAC management saw the arrival of the first group of tenants in January and February.

During the next few months most of the vacancies were taken up. The flats are finished to a very high standard but there have been a few teething problems with items such as water supplies, electricity consumption and automatic gates that required considerable attention. This seems to be settling down at last.

Charitable Donations Made

In 2001 grants and donations totalled over £12,600. Grants included SANDES (a charity with very similar objectives that was in financial distress), Combat Stress, Winged Fellowships and RNA Saltash. Established grants made included the annual CESSAC Awards towards welfare support in the British Base at Dhekelia, Cyprus, three Annual Study/Bursary Awards for dependants of service personnel and grants given in support of CESSAC's and CESSA Housing Association's elderly ex-Service tenants for Christmas social functions. The Council has reviewed CESSAC's donation policy and it has decided to focus more closely on areas that were in keeping with CESSAC's objectives with the timing of those selections changed to fit in after the end of the financial year. CESSAC does not actively fund-raise, operating by way of self-generated activities, nor does it make political contributions.

Results

2001 trading activities resulted in a surplus of income over expenditure of £75,082. However, there were other recognised losses of £179,029 resulting mainly from unrealised losses on investments.

Council's Responsibilities for the Financial Statements

The Council is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the incoming resources and application of resources, including the net income or expenditure for the year. In preparing those financial statements, the members of Council are required to:

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

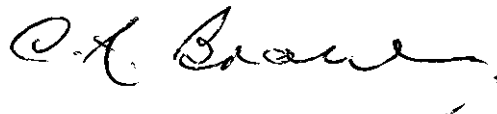
The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the company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

A business risk assessment has been undertaken and the result approved by the Council on 14th November 2001.

Auditors

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

ON BEHALF OF COUNCIL



Brigadier C A BROWN
CHAIRMAN
9 May 2002

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE CHURCH
OF ENGLAND SOLDIERS', SAILORS' AND ARMEN'S CLUBS (CESSAC)**

We have audited the financial statements of the Church of England Soldiers', Sailors' and Airmen's Clubs for the year ended 31 December 2001 on pages 7-13. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of the Council and Auditors

The Council acts as trustees for the charitable activities of CESSAC and are also the directors of CESSAC for the purposes of company law. Their responsibility for preparing the annual report and the financial statement in accordance with United Kingdom law and accounting standards is set out in the statement of the Council's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the Report of the Council is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information regarding remuneration of the Council and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Report of the Council concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the company's risk management and control procedures.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

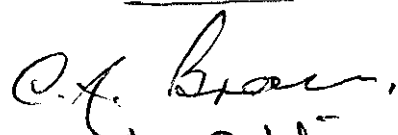
Portsmouth
9th May 2002


BALANCE SHEET AT 31 DECEMBER 2001

	<i>Notes</i>	<u>2001</u> £	<u>2001</u> £	<u>2000</u> £	<u>2000</u> £
Fixed Assets					
Tangible fixed assets	12		606,411		560,419
Investments	15		2,048,897		2,221,481
			<u>2,655,308</u>		<u>2,781,900</u>
Total Fixed Assets:					
Current Assets					
Stock - at cost		172,176		79,507	
Debtors	13	3,781		2,112	
Cash at bank, short term deposits & in hand		495,744		487,476	
		<u>671,701</u>		<u>569,095</u>	
Creditors:					
amounts falling due within one year	14	(121,178)		(41,216)	
			<u>550,523</u>		<u>527,879</u>
Net Current Assets:					
			<u>3,205,831</u>		<u>3,309,779</u>
NET ASSETS					
			<u>3,205,831</u>		<u>3,309,779</u>
 Funds (all unrestricted)					
Revenue Reserve	16		2,295,831		2,399,779
Designated Housing Reserve	16		850,000		850,000
Designated Maintenance Reserve	16		60,000		60,000
			<u>3,205,831</u>		<u>3,309,779</u>

The financial statements were approved by the Council of CESSAC on 9th May 2002 and were signed on its behalf by:

 (A C LONG) Vice Chairman and Council Member

 (C A BROWN) Chairman and Council Member

 (M R MARKS) General Secretary and Treasurer

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

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2001

	<i>Notes</i>	<u>Unrestricted</u> <u>Funds</u> <u>2001</u> £	<u>Unrestricted</u> <u>Funds</u> <u>2000</u> £
Income and Expenditure			
Incoming Resources			
Income from charitable trading activities		1,090,947	658,491
Investment Income		47,193	47,779
Subscriptions and donations		2,000	581
Rents receivable – Sheltered Housing		44,051	42,758
Other Income		54,059	34,101
Total Incoming Resources		<u>1,238,250</u>	<u>783,710</u>
Resources Expended			
Direct Charitable Expenditure	3	1,053,560	665,470
Sheltered Housing for the Elderly	4	20,542	16,987
Fundraising and Publicity	5	559	797
Management and administration of the charity	6	75,834	83,718
Grants and donations		12,673	11,680
Total Resources Expended		<u>1,163,168</u>	<u>778,652</u>
Net Incoming Resources before revaluations – and surplus of Income over Expenditure for the year		<u>75,082</u>	<u>5,058</u>
Other Recognised Gains and Losses			
Unrealised exchange gains/(losses)		(3,105)	1,126
Unrealised gains/(losses) on investments		(172,584)	56,096
Prior year cancellation adjustment		0	426
Exchange loss on YMCA asset purchase		(3,341)	0
Total		<u>(179,030)</u>	<u>57,648</u>
Net Movement of Funds		(103,948)	62,706
Balance brought forward at 1 January		3,309,779	3,247,073
Balance carried forward at 31 December		<u>3,205,831</u>	<u>3,309,779</u>
Statement of total Recognised Gains and Losses			
Surplus/(Deficit) for the financial year		75,082	5,058
Unrealised exchange gains/(losses)		(3,105)	1,126
Unrealised gains/(losses) on investments		(172,584)	56,096
Prior year cancellation adjustment		0	426
Exchange loss on YMCA asset purchase		(3,341)	0
Total Gains and Losses recognised since last Annual Report		<u>(103,948)</u>	<u>62,706</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2001

1. COMPANY STATUS AND LEGISLATIVE PROVISIONS

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Basis of Accounting

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

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

Incoming Resources

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

Investments

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

Taxation

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

Assets and Liabilities of the Cyprus Centre

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

Stock

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

Fixed Assets and Depreciation

Freehold Properties are stated at cost.

Fixed assets include no building plots or properties under construction.

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

The Council of CESSAC may re-value its freehold properties at a future time observing that the insured rebuild value for all such properties totals £1,100,400 (December 2001).

The number of freehold sheltered flats owned by CESSAC total 14 (2000 - 14). Sheltered flats under management, but not owned by CESSAC, total 91 (2000 - 91).

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

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

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

Designated Maintenance Reserve

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

This programme, and the experience of the last 10 years, allows the Company to operate without a committed provision for future repairs and maintenance. Actual costs incurred are normally charged to the income & expenditure account.

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

Designated Housing Reserve

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

2A. INCOMING RESOURCES - TURNOVER

Incoming Resources derive from UK activities except for £975,009 income from charitable trading activities deriving from the CESSAC Centres in Cyprus, supporting HM Forces overseas.

3. DIRECT CHARITABLE EXPENDITURE

	2001 £	2000 £
Cost of Supplies	668,350	404,861
Salaries	275,501	180,450
Operating Costs	76,684	44,634
Depreciation	44,076	31,733
Audit	6,913	4,602
Exchange difference	(17,964)	(810)
Totals:	1,053,560	665,470

4. SHELTERED HOUSING FOR THE ELDERLY

	2001 £	2000 £
Management cost	1,903	1,886
Repairs and maintenance	4,838	2,237
Service costs	13,801	12,864
Totals:	20,542	16,987

5. FUNDRAISING AND PUBLICITY

	2001 £	2000 £
Advertising	559	797

6. MANAGEMENT AND ADMINISTRATION

	2001 £	2000 £
Salaries	52,661	49,960
Head Office & Management Operating costs	8,156	12,925
Head Office Building Upkeep	145	0
Legal and Professional fees	544	399
Audit fees	2,679	2,795
Travel & associated costs	5,829	6,459
Depreciation	5,820	11,180
Totals:	75,834	83,718

7. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Expenditure £	Total 2001 £	Total 2000 £
Direct charitable purposes	275,501	44,076	734,128	1,053,705	665,470
Sheltered Housing	1,903	0	18,639	20,542	16,987
Fundraising and publicity	0	0	559	559	797
Management & administration	52,661	5,820	17,353	75,834	83,718
Grants and donations	0	0	12,673	12,673	11,680
Totals:	330,065	49,896	783,352	1,163,313	778,652

8. DIRECTORS' EMOLUMENTS

No member of the Council of CESSAC received any emoluments in 2001. (2000 - Nil).

Total expenses reimbursed to 9 Council members in respect of travel costs, not chargeable to UK income tax, totalled £1,350 (2000- £916).

9. EMPLOYEE INFORMATION

Average Weekly Number of Staff employed during the Year			Staff costs		
Category of Staff	2001	2000	Category of Cost	2001	2000
	No.	No.		£	£
Full time (UK)	4	4	Wages & salaries (UK)	111,486	104,650
Part time (UK)	8	10	UK Social Security (NI) costs	6,067	6,006
Full time (Cyprus)	16	10	Non-UK Employees' costs (Cyprus)	207,563	117,368
Part time (Cyprus)	25	10	Employer pension contributions	3,046	2,385
Total:	53	34	Total:	328,162	230,409

The above amounts include £22,426 paid over to the Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (a related party, being a Registered Social Landlord with charitable status) in respect of shared emolument costs of Head Office staff.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001	2000
	£	£
Interest receivable from bank/building society deposits	20,167	21,189
Dividends from quoted securities	27,026	26,590
Total:	47,193	47,779

11. SURPLUS OF INCOME OVER EXPENDITURE

	2001	2000
	£	£
Surplus of income over expenditure is stated after charging:		
Depreciation - tangible owned fixed assets	49,896	42,913
Auditors' remuneration (inclusive of expenses/VAT) - audit services:		
Chysanthou & Christophorou (Cyprus)	6,913	4,602
Grant Thornton (United Kingdom)	2,650	2,795

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

	Freehold land & Buildings	Short Leasehold Buildings	Furniture, fittings & Equipment	Motor Vehicles	Totals
	£	£	£	£	£
Cost					
At 1 January 2001	459,902	201,187	125,051	39,531	825,671
Difference on exchange	0	(3,605)	(1,750)	(222)	(5,577)
Additions during year	0	15,523	43,870	37,994	97,387
Disposals/Transfers	0	0	0	0	0
At 31 December 2001	459,902	213,105	167,171	77,303	917,481
Depreciation					
At 1 January 2001	---	168,447	64,421	32,384	265,252
Difference on exchange	0	(3,019)	(836)	(223)	(4,078)
Charge for year	0	17,519	20,090	12,287	49,896
Disposals/Transfers	0	0	0	0	0
At 31 December 2001	0	182,947	83,675	44,448	311,070
Net book value:					
At 31 December 2001	459,902	30,158	83,496	32,855	606,411
At 31 December 2000	459,902	32,740	60,630	7,147	560,419

13. DEBTORS

	2001 £	2000 £
Trade Debtors	2,139	521
Prepayments & other debtors	1,642	1,591
Total:	3,781	2,112

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade Creditors	79,028	22,404
Social Security and other taxes	4,738	7,155
Other creditors and accruals	37,412	11,657
Total:	121,178	41,216

15. LISTED INVESTMENTS

	31 December 2001 £	Change in Market Value in 2001 £	31 December 2000 £
Holdings and market values:			
Charinco Accumulation Units	575,417	9,613	565,804
Charinco Distribution Units	10,873	(455)	11,328
Charishare Accumulation Units	624,221	(65,562)	689,783
Charishare Distribution Units	838,386	(116,180)	954,566
Total:	2,048,897	(172,584)	2,221,481
Cost:	927,033	-	927,033

16. RESERVES (All unrestricted)

	Revenue Reserve £	Designated Housing Reserve £	Designated Maintenance Reserve £	TOTALS £
Balance at 1 January 2000	2,399,779	850,000	60,000	3,309,779
Transfer from Statement of Financial Activities	(103,948)	0	0	(103,948)
Balance at 31 December 2000	2,295,831	850,000	60,000	3,205,831

17. CAPITAL COMMITMENTS

The company had no capital expenditure contracted for but not provided for in the financial statements. (2000 - Nil).

The company had no capital expenditure authorised by the Council of CESSAC but not contracted for. (2000- Nil).

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001. (2000 - Nil).