

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 2000

Final

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MEMBERS OF THE COUNCIL OF CESSAC (The Trustees) at 31 December 2000		
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 G A Plumer, Royal Navy		Retired Naval Officer
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 Allistone, CBE		Retired Air Force Officer

Commander M R Marks OBE Royal Navy	General Secretary and Treasurer
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Auditors	Solicitors	Bankers
Grant Thornton Enterprise House Isambard Brunel Road Portsmouth PO1 2RZ	Blake Laphorn Harbour Court, Compass Road North Harbour Portsmouth PO6 4ST	Lloyds Bank Plc 38 London Road Northend Portsmouth PO1 2RE

REPORT OF COUNCIL

The Council comprises the directors of CESSAC, all of whom served throughout the year with the exception of Lieutenant Colonel C D Melhuish who succeeded Lieutenant Colonel Hamilton on 11 May 2000. It presents this report together with the financial statements for the year ended 31 December 2000. 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 in southern England for elderly ex Services people and their spouses, or their widows/widowers, and the operation of centres in military bases in support of the Active Services.

Activities during 2000.

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.

Modernisation and improvements continued at CESSAC's Centre in Dhekelia, Cyprus including safety improvements to the gas water heater and gas bottle storage, the upgrading of the main electrical power supply, the enclosure of the stair access to the Manager's flat and the removal of the hazardous, low, brick drain cover surround in the car park.

The Assistant Secretary of CESSAC visited in April for a briefing on the operation of the Dhekelia Centre and to progress the planning for the electrical upgrade and kitchen improvements. He called on the Dhekelia Garrison Commander, Colonel Potter who was very positive about the role of the Centre and the support he had received from the manager. He saw no large changes in numbers in the near future. In late May, the General Secretary visited with the main task of upgrading the pay system with some in-house, Excell based software that has since proved to be very successful.

The Dhekelia Centre Manager, Brian Ackerman, was presented with a Queen Mother's Centennial Award Medal by the Dhekelia Garrison Commander in recognition of the service that he had provided to the base.

The Centre generated a £3,000 deficit against a £4,000 deficit the previous year.

Towards the end of the year, following a decision by the YMCA to withdraw from Cyprus, an invitation from CVWW to make a bid to take over the operation of shop and café facilities at both Episkopi and Nicosia was being considered by CESSAC. See Note 19, Post Balance Sheet Activities.

This year activities at CESSAC's "Rendezvous" Centre in Blandford Camp, Dorset have generated further growth. The café closed for a short period in October because of sudden staff shortages but the opportunity was used to deep clean and redecorate. The Blandford Centre's overall deficit for 2000 totalled some £573 (£8,000 deficit in 1999) with a further 24% turnover increase (28% in 1999) mainly due to the sandwich and buffet delivery service. This was another marked improvement in performance.

At the end of September, Commander Tom O'Rourke retired as the General Secretary with 14 years service for CESSAC and CESSA HA. After a competitive selection, he was succeeded, by Commander Martin Marks, the former Assistant Secretary. Commander Mike Pearce was recruited as the new Assistant Secretary.

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 conversion of the new block of flats at Trafalgar Quarters in Greenwich (part of the former Royal Naval College) progressed slowly during the year with a series of completion dates from June to October coming and going and the formal handover from the builders took place on December 8th. This is a superb facility in a prime location. CESSAC-owned sheltered housing rentals produced a surplus of some £26,000.

Charitable Donations Made

In 2000 grants and donations totalled nearly £9,000. Grants included £1500 to CTCRM for computers for recruits use in the Chaplaincy Centre and £1000 to RM Chivenor for youth club equipment. Established grants made included the annual CESSAC Awards towards welfare support in the British Base, Dhekelia, Cyprus, three Annual Study/Bursary Awards and grants given in support of CESSAC's and CESSA Housing Association's elderly ex-Service tenants by way of Christmas grants etc. The donations policy in other areas is under active review by the Council. CESSAC does not actively fund-raise, operating by way of self-generated activities, nor does it make political contributions.

Results

2000 activities resulted in a surplus of income over expenditure of £5,058. However, unrealised gains on investments contributed markedly to a Total Gain of £62,706 for the year.

Council's Responsibilities for the Financial Statements

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


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

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

Auditors

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

ON BEHALF OF COUNCIL



**Brigadier C A BROWN
CHAIRMAN**

10 May 2001

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

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

We have audited the financial statements on pages 6-13, which have been prepared under the accounting policies set out on pages 8-9.

Respective Responsibilities of the Council and Auditors

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

Basis of Opinion

We conducted our audit in accordance with 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 2000 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

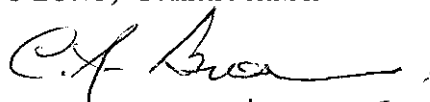
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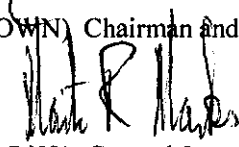
BALANCE SHEET AT 31 DECEMBER 2000

	<i>Notes</i>	<u>2000</u> £	<u>2000</u> £	<u>1999</u> £	<u>1999</u> £
Fixed Assets					
Tangible fixed assets	12		560,419		588,084
Investments	15		<u>2,221,481</u>		<u>2,127,207</u>
Total Fixed Assets:			2,781,900		2,715,291
Current Assets					
Stock - at cost		79,507		80,982	
Debtors	13	2,112		18,053	
Cash at bank, short term deposits & in hand		<u>487,476</u>		<u>479,334</u>	
		569,095		578,369	
Creditors:					
amounts falling due within one year	14	<u>(41,216)</u>		<u>(46,587)</u>	
Net Current Assets:			<u>527,879</u>		<u>531,782</u>
NET ASSETS			<u>3,309,779</u>		<u>3,247,073</u>
 Funds (all unrestricted)					
Revenue Reserve	16		2,399,779		2,397,073
Designated Housing Reserve	16		850,000		800,000
Designated Maintenance Reserve	16		<u>60,000</u>		<u>50,000</u>
			<u>3,309,779</u>		<u>3,247,073</u>

The financial statements were approved by the Council of CESSAC on 10th May 2001 and were signed on its behalf by:


(A C LONG) 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 2000

	<i>Notes</i>	<u>Unrestricted</u>	<u>Unrestricted</u>
		<u>Funds</u>	<u>Funds</u>
		<u>2000</u>	<u>1999</u>
		£	£
Income and Expenditure			
Incoming Resources			
Income from charitable trading activities		658,491	620,267
Investment Income		47,779	46,619
Subscriptions and donations		581	3,025
Rents receivable – Sheltered Housing		42,758	42,295
Other Income		34,101	32,851
Total Incoming Resources		783,710	745,057
Resources Expended			
Direct Charitable Expenditure	3	665,470	635,645
Sheltered Housing for the Elderly	4	16,987	16,298
Fundraising and Publicity	5	797	1,431
Management and administration of the charity	6	83,718	70,930
Grants and donations		11,680	38,599
Total Resources Expended		778,652	762,903
Net Incoming Resources before revaluations – and surplus of Income over Expenditure for the year		5,058	(17,846)
Other Recognised Gains and Losses			
Unrealised exchange gains/(losses)		1,126	(21,609)
Unrealised gains on investments		56,096	215,421
Prior year cancellation adjustment		426	0
Total		57,648	193,812
Net Movement of Funds		62,706	175,966
Balance brought forward at 1 January		3,247,073	3,071,107
Balance carried forward at 31 December		3,309,779	3,247,073
Statement of total Recognised Gains and Losses			
Surplus/(Deficit) for the financial year		5,058	(17,846)
Unrealised exchange gains/(losses)		1,126	(21,609)
Unrealised gains on investments		56,096	215,421
Prior year cancellation adjustment		426	0
Total Gains and Losses recognised since last Annual Report		62,706	175,966

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2000**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 accrual 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 £1,048,000 (December 2000).

The number of freehold sheltered flats owned by CESSAC total 14 (1999 - 14). Sheltered flats under management, but not owned by CESSAC, total 91 (1999 - 70), the increase being Trafalgar Quarters.

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. The Council has decided to undertake a future policy review in 2001.

2A. INCOMING RESOURCES - TURNOVER

Incoming Resources derive from UK activities except for £530,087 income from charitable trading activities deriving from the CESSAC Centre in Cyprus, supporting HM Forces overseas.

3. DIRECT CHARITABLE EXPENDITURE

	2000 £	1999 £
Cost of Supplies	404,861	383,317
Salaries	180,450	174,147
Operating Costs	44,634	39,120
Depreciation	31,733	32,648
Audit	4,602	4,175
Exchange difference	(810)	2,238
Totals:	665,470	635,645

4. SHELTERED HOUSING FOR THE ELDERLY

	2000 £	1999 £
Management cost	1,886	1,390
Repairs and maintenance	2,237	5,449
Service costs	12,864	9,459
Totals:	16,987	16,298

5. FUNDRAISING AND PUBLICITY

	2000 £	1999 £
Advertising	797	1,431

6. MANAGEMENT AND ADMINISTRATION

	2000 £	1999 £
Salaries	49,960	45,737
Head Office & Management Operating costs	12,925	7,518
Head Office Building Upkeep	0	301
Legal and Professional fees	399	3,780
Audit fees	2,795	2,540
Travel & associated costs	6,459	4,349
Depreciation	11,180	6,705
Totals:	83,718	70,930

7. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Expenditure £	Total 2000 £	Total 1999 £
Direct charitable purposes	180,450	31,733	453,287	665,470	635,645
Sheltered Housing	1,886	0	15,101	16,987	16,298
Fundraising and publicity			797	797	1,431
Management & administration	49,960	11,180	22,578	83,718	70,930
Grants and donations			11,680	11,680	38,599
Totals:	232,296	42,913	503,443	778,652	762,903

8. DIRECTORS' EMOLUMENTS

No member of the Council of CESSAC received any emoluments in 2000. (1999 - Nil).

Total expenses reimbursed to 8 Council members in respect of travel costs, not chargeable to UK income tax, totalled £916 (1999- £900).

9. EMPLOYEE INFORMATION

Average Weekly Number of Staff employed during the Year			Staff costs		
Category of Staff	2000	1999	Category of Cost	2000	1999
	No.	No.		£	£
Full time (UK)	4	3	Wages & salaries (UK)	104,650	96,793
Part time (UK)	10	7	UK Social Security (NI) costs	6,006	5,251
Full time (Cyprus)	10	10	Non-UK Employees' costs (Cyprus)	117,368	115,580
Part time (Cyprus)	10	10	Employer pension contributions	2,385	2,260
Total:	34	30	Total:	230,409	219,884

The above amounts include £49,960 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

	2000	1999
	£	£
Interest receivable from bank/building society deposits	21,189	20,998
Dividends from quoted securities	26,590	25,621
Total:	47,779	46,619

11. SURPLUS OF INCOME OVER EXPENDITURE

	2000	1999
	£	£
Surplus of income over expenditure is stated after charging:		
Depreciation - tangible owned fixed assets	42,913	39,353
Auditors' remuneration (inclusive of expenses/VAT) - audit services:		
Chysanthou & Christophorou (Cyprus)	4,602	4,175
Grant Thornton (United Kingdom)	2,795	2,540

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 2000	459,902	192,496	133,917	39,452	825,767
Difference on exchange		1,238	677	79	1,994
Additions during year	---	7,453	3,033	15,130	25,616
Disposals/Transfers	---	---	(12,576)	(15,130)	(27,706)
At 31 December 2000	459,902	201,187	125,051	39,531	825,671
Depreciation					
At 1 January 2000	---	151,821	61,563	24,299	237,683
Difference on exchange		976	307	71	1,354
Charge for year		15,650	14,619	12,644	42,913
Disposals/Transfers			(12,068)	(4,630)	(16,698)
At 31 December 2000	---	168,447	64,421	32,384	265,252
Net book value:					
At 31 December 2000	459,902	32,740	60,630	7,147	560,419
At 31 December 1999	459,902	40,675	72,354	15,153	588,084

13. DEBTORS

	2000 £	1999 £
Trade Debtors	521	694
Prepayments & other debtors	1,591	17,359
Total:	2,112	18,053

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade Creditors	22,404	25,212
Social Security and other taxes	7,155	11,592
Other creditors and accruals	11,657	9,783
Total:	41,216	46,587

13. LISTED INVESTMENTS

	31 December 2000 £	Units purchased in 2000 £	Change in Market Value in 2000 £	31 December 1999 £
Holdings and market values:				
Charinco Accumulation Units	565,804	9,938	42,280	513,586
Charinco Distribution Units	11,328	190	223	10,915
Charishare Accumulation Units	689,783	11,580	16,457	661,746
Charishare Distribution Units	954,566	16,470	(2,864)	940,960
Total:	2,221,481	38,178	56,096	2,127,207
Cost at 31 December	927,033	38,178		888,855

16. RESERVES (All unrestricted)

	Revenue Reserve £	Designated Housing Reserve £	Designated Maintenance Reserve £	TOTALS £
Balance at 1 January 2000	2,397,073	800,000	50,000	3,247,073
Inter-reserves transfers during year				
Transfer from Statement of Financial Activities	2,706	50,000	10,000	62,706
Balance at 31 December 2000	2,399,779	850,000	60,000	3,309,779

17. CAPITAL COMMITMENTS

The company had no capital expenditure contracted for but not provided for in the financial statements. (1999 - Nil).

The company had no capital expenditure authorised by the Council of CESSAC but not contracted for. (1999- Nil).

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2000. (1999 - Nil).

19. POST BALANCE SHEET EVENTS

Towards the end of 2000, through the Council of Voluntary Welfare Workers, a Ministry of Defence recognised co-ordinating group, CESSAC was invited to bid to take over two sites from the YMCA in Cyprus providing facilities for military personnel and their families. One, a large bookshop, café, function room and Internet café, was at Episkopi Garrison and the other, a small café and shop, was in a United Nations base near Nicosia. The combined YMCA sites had an annual turnover in 1999/2000 comparable with the existing CESSAC Dhekelia shop and café.

After seeking advice from CESSAC's Nicosia based accountants, which included their access to the YMCA's audited accounts for 1999/2000 and unaudited accounts and estimates 2000/01, a bid of CY£35,000 (some £39,000 at CY£0.8949 = £1) was made for the vehicles, catering equipment, fixtures and fittings of the leased property plus saleable stock at valuation (estimated at circa CY£50,000).

This bid has been agreed by the YMCA and approved by the two relevant military Garrison Commanders. CESSAC will take over both sites with effect from 1 April 2001. A CESSAC General Manager Cyprus, Mrs Gina Potter, the former YMCA Director for the two sites, has been selected to oversee the operation of the three sites.

The Nicosia accountants will be further involved in overseeing and advising on the smooth transfer of the business and the proposed installation of a electronic point of sale (EPOS) system to enable centralised and co-ordinated stock purchase and control from a Cyprus Head Office located at Episkopi.

Document ends.