



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

Church of England Soldiers', Sailors' and Airmen's Housing Association Ltd

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 Email a scanned copy of the signed form and supporting documents to

mutualsannrts@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1

Details of society

1.1 Details of the society

Register number	21222/R
Registered office address	1 Shakespeare Terrace 126 High Street Portsmouth
Postcode	PO1 2RH

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

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Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	Rear Admiral ALAN RYMER (Retired)
Address	Sandgrounders, Elms Ride West Wittering, West Sussex
Postcode	PO20 8LP
Year of birth	1958
Business occupation and other directorships	Director Lune Consulting (Independent management consultant). Non-Executive Director South East Coast Ambulance Foundation

1.4 Details of Treasurer

Name	Commander PATRICK KEEFE Royal Navy (Retired)
Address	Annesley House, Queens Crescent, Southsea
Postcode	PO5 3HE
Year of birth	1959
Business occupation and other directorships	Chief Executive Officer CESSA Housing Association Ltd

1.5 Details of Secretary

Name	See Treasurer
Address	
Postcode	
Year of birth	yyyy
Business occupation and other directorships	

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
Colonel CHARLES ACKROYD	4 Finch House, Gunners Row, Southsea, PO4 9XD	1954	District Judge
Air Commodore DAVID HAMILTON- RUMP	37 Thornton Avenue Warsash S031 9FL	1943	Retired Air Force Officer
Commander STEPHEN CARTER Royal Navy	4 Rogers Mead Hayling Island PO11 0PN	1949	Retired Naval Officer
Mr ANDREW COBB	20 Silchester Road, Pamber Heath, Tadley, Hants RG26 3EE	1953	Retired housing professional. Director of Two Saints HA & Trustee of Tadley District Citizens Advice Bureau
Commander ANTHONY MIZEN Royal Navy	3 Heatherdown, Roman Road, Dibden Purlicue, Hants, SO45 4AZ	1946	Retired Naval Officer
Mrs AMANDA RODGERS	Havenwood House, Broad Road, Hambrook, Chichester, PO18 8RF	1953	Retired Chartered Accountant

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

0

Please continue, answering all questions.

- 1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?**

☒ No
☐ Yes

- 1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000?** (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No
☐ Yes

Financial Services Register firm reference number

- 1.9 Is the society a subsidiary of another society?**

☒ No
☐ Yes

- 1.10 Does the society have one or more subsidiaries?**

☒ No
☐ Yes

- 1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?**

☐ No
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☒ Yes

- 1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?**

☒ No
☐ Yes ▶ provide your Scottish Charity number below

- 1.13 Is the society registered with one of the following (please tick)?**

☒ Homes and Communities Agency
☐ The Welsh Ministers
☐ Scottish Housing Regulator

If so, please provide your register number

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

--

1.15 Is membership of the society required to obtain the benefits offered by it?

- ☐ Yes
☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

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1.17 How did members democratically control the society?

--

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

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Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

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Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

Elderly ex-Service personnel and their families.

1.20 How did the society benefit that community during the year?

Rents remain on average 14% below the Formula Rent allowed by the Government. Each scheme has a manager, 30% of whose time is funded by the Association to facilitate support for tenants, including social activities. Each scheme is provided with a Careline service, controlled access, lifts, communal lounge with kitchen, guest room, hearing induction loop, laundry facilities, garden, salon for visiting hairdresser/other practitioner, age-appropriate communal computer with wifi, and charging/storage facilities for mobility scooters. A minibus is provided, especially for the schemes further from local facilities.

1.21 How did the society use any surplus/profit?

Replaced Dhekelia Court's lone boiler with 2, updated the water tank system & installed LED emergency lighting. Replaced porch to the garden at CESSAC House. Installed powered front doors to remaining 4 schemes. Replaced the wall-cavity insulation where needed at Trafalgar Court. Upgraded the Telecare system in Dhekelia Court. Agreed the need to accumulate surplus for next remodelling project at Dhekelia Court.

Please use separate sheets of paper if you need more space (see section 5 above).

Please indicate how many separate sheets of paper you have used.

0

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	21
B	Members ceased during year	0
C	Members admitted during year	0
D	Members at end of year	21
E	Turnover for year	1,151,011
F	Total of income and expenditure (receipts and payments added together)	NA - professional auditors
G	Net surplus/(deficit) for year	331,365
H	Fixed assets	3,930,120
I	Current assets	1,026,563
J	Total assets (equal to amount in row O, below)	4,956,683
K	Current liabilities	120,544
L	Share capital	21
M	Long-term liabilities	3,154,996
N	Reserves	1,681,122
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	4,956,683
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	0
Q	Loans from members	0
R	Loans from Employees' Superannuation Schemes	0
S	Dividends on sales	0
T	Share interest	0

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

None

2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

None

3

The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▶ Continue to section 4
- ☐ Accountant's report ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit ▶ Complete questions 3.2 and 3.3
- ☐ Unaudited ▶ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

4

Accounts and signature

Accounts

- 4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	0	/	0	6	/	2	0	1	8
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- 4.2 Has your society produced accounts to the minimum standard required?

☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

- 4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	Patrick Charles Keefe
Signature	
Phone number	02392829319
Email	patrick.keefe@cessaha.co.uk
Date	23/04/18

Financial Conduct Authority registration number 21222R
Registered Provider number L0104

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S
HOUSING ASSOCIATION LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INFORMATION

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

Secretary Commander P C Keefe RN

FCA registration number 21222R

Registered Provider number L0104

Registered office 1 Shakespeare Terrace
126 High Street
Portsmouth
Hampshire
PO1 2RH

Auditors Jones Avens Limited
Piper House
4 Dukes Court
Bognor Road
Chichester
West Sussex
PO19 8FX

Bankers Lloyds Bank Plc
38 London Road
North End
Portsmouth
Hampshire
PO2 0LR

Solicitors Blake Morgan LLP
Harbour Court
Compass Road
North Harbour
Portsmouth
Hampshire
PO6 4ST

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

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CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors of CESSA Housing Association Limited (hereinafter referred to as CESSA HA or the association) present the strategic report and financial statements for the year ended 31 December 2017.

Fair review of the business

The key financial results for the year are set out on pages 8 & 9. The surplus of £331k was expected since 2016 had included the completion of remodelling in one scheme.

Principal risks and uncertainties

The development of Housing policy has been one of the many areas delayed by the Government's other priorities, the 2017 snap election and two changes of housing minister. The details about Right to Buy remain outstanding, but the 1% rent cut was implemented for supported housing from 2017-2019. However, the known challenge of capping housing benefit at the Local Housing Allowance rate from 2019 has been replaced by an intended 'Sheltered Rent'. It is therefore unclear still what overall rent will be from 2020 despite the Government also committing to basic rent rises for the rest of the sector at CPI+1%. Until the details are clear it is not known whether the 'Sheltered Rent' will have a positive or negative effect. Apart from that, the most significant risk is assessed to be the loss of CESSAC's contract with Greenwich Hospital, because the efficiency of shared overheads would be lost and unit costs would therefore increase. This is mitigated by continually demonstrating that an excellent service is being provided. This was externally verified in 2015 and led to a new five-year agreement with Greenwich Hospital from January 2016.

The association holds a portion of its cash reserves not required for immediate use in Listed Investments of medium to low risk with Charles Stanley as discretionary manager. Despite the cautious approach these still represent a higher level of risk than bank deposits, but have the potential to give a rate of return above inflation in the medium to long term, something which deposit accounts are not currently offering. Performance is reviewed at every meeting.

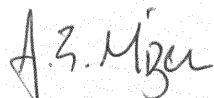
Development and performance

The association has spent over £4m on remodelling and upgrading its schemes over the last 12 years and hopes to undertake its final such project with existing stock next, if the 'Sheltered Rent' is resolved satisfactorily. Applications remain buoyant and void rates very low, so it was agreed in 2017 that development might be considered once remodelling is complete.

Other information and explanations

The association and its sister charity, CofE Soldiers', Sailors' & Airmen's Clubs (CESSAC) share a Head Office and staff, each contributing the appropriate proportion of employee and other expenses. It is for this reason that such costs shown in the association's accounts are low. A significant portion of these result from CESSAC's agreement with Greenwich Hospital to manage the latter's three sheltered housing schemes, which contain a further 91 flats. This fine example of collaborative working provides Greenwich Hospital with appropriately qualified & sympathetic housing management at reduced costs, as well as benefitting all parties including the pensioner tenants.

On behalf of the board



Commander A E Mizen RN

Director

11 April 2018

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BOARD REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The association is a private registered provider of social housing and a charitable housing association for elderly ex-Service personnel and their families. Owning fewer than 1,000 properties, it is defined as 'small' by the Regulator of Social Housing. Its principal activities are the rental and management of 196 sheltered flats situated in five locations in Portsmouth, Southsea, Gosport and Fareham.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

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

All directors except Mrs Rodgers (co-opted) hold one share in the association.

Results

The results for the year are set out on page 8.

Directors' insurance

The association maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the association.

Auditor

A quinquennial review of the auditor was conducted by the directors in 2013 and a resolution proposing that Jones Avens Limited be reappointed as auditor of the association will be put to the Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the association's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the association's auditor is aware of that information.

Code of governance

The association has adopted and complied with the National Housing Federation's (NHF) 2015 Code of Governance.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BOARD REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Board's responsibilities statement

The board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the board is required to:

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

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Assessment of compliance with the Governance and Financial viability Standard

CESSA HA is governed by its volunteer, unpaid non-executive directors in a Committee of Management, in accordance with its rules. The NHF's code of governance checklist is reviewed annually and was last completed in April 2017. The only issues from the checklist are:

- One board member exceeded nine years, whose experience continues to prove invaluable.
- The code permits the absence of a separate Finance or Audit Committee for small non-developing associations, so one FCA-qualified director supports the board in undertaking these roles. Much of the detailed performance monitoring is conducted by a sub-committee (which has tenant representation).

The Board met 4 times in 2017 with 86% attendance (one Director missed 2 meetings for health reasons). The Chairman co-ordinates Board and individual performance assessment and involves all directors in this process. The Board oversees the association's compliance with the Regulator's Economic & Consumer standards. The Board certifies its compliance with the Governance & Viability standard and asserts that the association remains a going concern. The Asset & Liability Register has been updated. Regarding the Rent Standard, all but 1 of CESSA HA's tenants have Assured Tenancies, the exception being one of long standing who retains a 'fair rent'. The association complied with the Government's 1% rent cut for existing tenants on 1 April 2017. However, basic rent income overall was maintained through the interim rent policy, which sets rents for new tenants closer to Formula Rent. Service charges are set to meet actual costs and therefore in 2017, as in previous years, some of the charges decreased slightly rather than increased.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BOARD REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Board's annual review of internal control

Board members routinely undertake internal audit activity and monitor the result of staff's compliance checks. Specific risks are scheduled for review at each meeting so that every risk identified is covered at least once a year and any mitigation required is instigated. Stress testing has been undertaken against a combination of identified risks, but for a small sheltered housing association without mortgages and no plans to expand, there are few existential short-term threats not covered by insurance. Longer terms threats included in the stress testing also are: unsustainable price inflation/wage growth or a drying up of the existing pool of applicants. The former would not be unique to the organisation (and would affect it later) and the latter could be addressed by extending the eligibility criteria. The potential effect of UK's 2016 Referendum on EU membership is being kept under review.

Assessment of how the association is achieving value for money

Overall, the directors consider CESSA HA meets the VfM standard. Their full assessment is provided on its website at: <http://www.cessaha.co.uk/annual-reports#>, a summary of which is below:

CESSA HA has a strategic approach to VfM led by the directors and championed by one of its members as the Chairman of the Housing Committee, which leads on the detailed implementation and oversight. The association is not currently looking to expand and the purpose of it making a financial return is in order to deliver the social benefit it seeks, including progressive improvement of the quality of accommodation and facilities it provides. Accordingly, the association measures its return on assets in social terms and on whether the assets are being used efficiently and effectively to that end.

Social Return on Assets: All schemes are provided with a Scheme Manager plus out-of-hours Careline service, controlled access to the building, lifts, communal laundry facilities, a communal lounge and supporting kitchen facilities & wifi, access to an elderly-friendly computer & training thereon, guest room, charging & storage facilities for mobility scooters, parking spaces, garden areas and a salon for visiting hairdressers/others. Space is provided in one scheme for a tenants' shop. The fostering of an ex-Service community in each scheme is a key aim both for tenant well-being and to attract new applicants. 30% of the Scheme Manager's time is allocated to organisation of support for tenants including social activities and no charge is made to tenants for this service. On average, CESSA HA's basic rents are about 15% below the Government's 'Formula' Rent for each flat. Low rents do not mean sacrifices elsewhere – the schemes have been remodelled and are maintained to a high standard. This has been achieved by VfM gains, low voids, high rent collection, low management costs and an appropriate proportion of planned maintenance.

Absolute & Comparative Costs: A variety of metrics are used to gauge and compare performance, particularly a benchmarking club covering the south and east of England. The association compares favourably in the Key Performance Indicators agreed by the club and shown in the full assessment.

VfM Gains: In 2012, the association redeemed its exorbitantly high interest and very long term fixed-rate mortgages and now benefits from a charitably low-interest loan from its sister charity, CESSAC. This was at only 2.5% interest for the first 5 years, extended from 2017 at this rate for a further 3. CESSA HA has achieved grants, the biggest being £160k in 2013 from the Armed Forces Covenant team towards remodelling St Georges' Court. Many other improvements have been made in other schemes whether remodelled or not, including new kitchens, double glazing, upgraded fire alarm systems, hearing induction loops and the replacement of baths by showers. Achievements in 2017:

- Reviewed the overarching strategy for the delivery of the Association's objects and decided, in principle, that the association's next project should address the remaining un-remodelled scheme, then to consider expansion.
- Kept abreast of, and influenced, the Government's policy for social housing, including Right to Buy, the charging of fees by the regulator and the Future Funding of Supported Housing.
- Despite the 1% cut in rents for existing tenants on 1 April 2017, avoided a significant drop in income by adjusting the policy on basic rent for new tenants.
- Replaced Dhekelia Court's lone boiler with 2, updated the water tank system & installed LED emergency lighting. Replaced porch to the garden at CESSAC House.
- Installed powered front doors to remaining 4 schemes.
- Replaced the wall-cavity insulation where needed at Trafalgar Court.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BOARD REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Assessment of how the association is achieving value for money (continued)

- Continued co-operation with local sheltered housing associations to share costs and gain additional income through providing them H&S services.
- Upgraded the Telecare system in Dhekelia Court and then publicised tenants' ability to purchase additional services in all schemes.

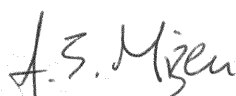
Service delivery is a key part of delivering VfM and a programme of annual independent assessment was instituted in 2015 that has rated CESSA HA to be providing an excellent service. The association carries out an annual tenant satisfaction survey and is a member of Procurement for Housing. It conducts its own health & safety and fire risk assessments, also providing this service to another HA.

Plans for 2018:

- £75k for roof maintenance at CESSAC House, £17k for LED hall lighting at Trafalgar Court and £14k to replace the Portsmouth Maintenance van.
- Consider changes to the way the Scheme Manager service is provided at Trafalgar Court.
- Keep abreast of, and attempt to influence, the Government's policy for social housing, including Right to Buy, and the Future Funding of Supported Housing, especially the calculation of 'Sheltered Rent'.
- Depending on the outcome of above, develop plans for the remodelling of Dhekelia Court and consider expansion.
- Expand co-operation with local sheltered housing associations to share costs and gain additional income through providing them H&S services.
- Implement new regulation about demonstrating HA's value for money,
- Ensure the association is compliant with the General Data Protection Regulations (GDPR).

2018 will be affected by the mandated further 1% cut in basic rent, but ameliorated by the higher amount charged to new tenants so that the surplus is predicted to remain healthy. However, significant repair work is planned that will reduce the amount. CESSA HA will continue to ensure the best possible use is made of the resources by listening to the feedback from tenants and other stakeholders. It will use this information in planning and delivering its long term refurbishment programme and excellent services to tenants.

On behalf of the board



Commander A E Mizen RN

Director

11 April 2018

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (the 'association') for the year ended 31 December 2017 set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 association's affairs as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2015.

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 financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 24 to the financial statements, 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association'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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 5, the directors 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 directors 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 directors are responsible for assessing the association'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 directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's 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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jones Avens Limited

11 April 2018

Chartered Accountants
Statutory Auditor

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

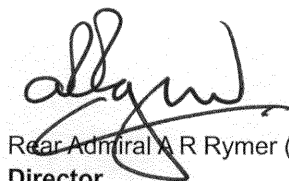
CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME (including Income and Expenditure Account) FOR THE YEAR ENDED 31 DECEMBER 2017


		2017 £	2016 £
Turnover	Notes 3	1,151,011	1,168,436
Administrative expenses		(835,633)	(950,892)
Operating surplus	5	315,378	217,544
Interest receivable and similar income	8	11,438	11,631
Interest payable and similar expenses	9	(14,576)	(19,318)
Fair value gains and losses on investments	10	19,125	23,840
Surplus before taxation		331,365	233,697
Taxation	11	-	-
Surplus for the financial year		331,365	233,697
Total comprehensive income for the year		331,365	233,697

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.


Signed on behalf of the board



Rear Admiral A R Rymer (Chairman)
Director



Mrs A Rodgers FCA
Director



Commander P C Keefe RN
Secretary

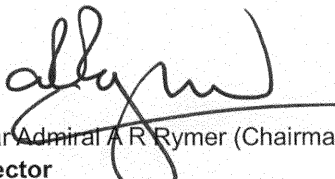
CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED


BALANCE SHEET


AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12	3,626,224		3,628,438	
Investments	13	303,896		278,036	
		<u>3,930,120</u>		<u>3,906,474</u>	
Current assets					
Debtors	15	13,025		7,495	
Cash at bank and in hand		1,013,538		796,159	
		<u>1,026,563</u>		<u>803,654</u>	
Creditors: amounts falling due within one year	16	<u>(120,544)</u>		<u>(96,316)</u>	
Net current assets		906,019		707,338	
Total assets less current liabilities		<u>4,836,139</u>		<u>4,613,812</u>	
Creditors: amounts falling due after more than one year	17	(2,840,996)		(2,909,034)	
Provisions for liabilities	21	(314,000)		(355,000)	
Net assets		<u>1,681,143</u>		<u>1,349,778</u>	
Capital and reserves					
Called up share capital	22	21		21	
Income and expenditure reserve		1,681,122		1,349,757	
Total equity		<u>1,681,143</u>		<u>1,349,778</u>	

The financial statements were approved by the board of directors and authorised for issue on 11 April 2018 and are signed on its behalf by:


Rear Admiral A R Rymer (Chairman)
Director


Mrs A Rodgers FCA
Director


Commander P C Keefe RN
Secretary

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Income and expenditure reserve £	Total £
Balance at 1 January 2016		20	1,116,060	1,116,080
Period ended 31 December 2016:				
Surplus and total comprehensive income for the year		-	233,697	233,697
Issue of share capital	22	1	-	1
Balance at 31 December 2016		21	1,349,757	1,349,778
Period ended 31 December 2017:				
Surplus and total comprehensive income for the year		-	331,365	331,365
Balance at 31 December 2017		21	1,681,122	1,681,143

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	23	353,609		223,428	
Interest paid		(9,576)		(10,318)	
Net cash inflow from operating activities		344,033		213,110	
Investing activities					
Purchase of tangible fixed assets		(102,538)		(133,178)	
Proceeds on disposal of tangible fixed assets		-		1,000	
Purchase of fixed asset investments		(25,801)		(16,180)	
Proceeds from other investments and loans		19,066		10,019	
Interest received		4,885		4,125	
Dividends received		8,282		7,579	
Net cash used in investing activities		(96,106)		(126,635)	
Financing activities					
Proceeds from issue of shares		-		1	
Repayment of borrowings		(30,548)		(29,803)	
Net cash used in financing activities		(30,548)		(29,802)	
Net increase in cash and cash equivalents		217,379		56,673	
Cash and cash equivalents at beginning of year		796,159		739,486	
Cash and cash equivalents at end of year		1,013,538		796,159	

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Information

Church of England Soldiers', Sailors' and Airmen's Housing Association Limited is a Co-operative and Community Benefit Society and a private registered provider of social housing in the United Kingdom. The registered office is 1 Shakespeare Terrace, 126 High Street, Portsmouth, Hampshire, PO1 2RH. The nature of the association's operations and principal activities are the rental and management of social housing sheltered flats.

The association constitutes a public benefit entity as defined by FRS 102.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Social Housing Providers 2014 (SORP), and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.

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

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable net of discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants.

Interest income is recognised using the effective interest method and dividend income is recognised as the association's right to receive payment is established.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land and buildings	Up to one hundred years straight line basis
Fixtures and fittings	Ten years straight line basis
Office equipment	Four years straight line basis
Vehicles	Ten years straight line basis

Freehold land and assets in the course of construction are 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 income and expenditure.

Major components of housing properties, including roofs (70 years), double glazing (30 years), boilers and heating (15 to 30 years), bathrooms (30 years), kitchens (30 years), lifts (25 years) and electrics (40 years), have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in housing properties.

The useful economic lives of all tangible fixed assets are reviewed annually.

1.5 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

1.6 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and 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.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.7 Financial instruments

The association 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 assets are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include rent arrears and other receivables 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. Other financial assets classified as fair value through income and expenditure are measured at fair value.

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 income and expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Rent arrears, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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 end 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. The impairment loss is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities are initially measured 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. Other financial liabilities classified as fair value through income and expenditure are measured at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the association's obligations are discharged, cancelled, or they expire.

1.8 Taxation

The association has charitable status with HM Revenue and Customs and no charge to Corporation Tax arises on these results. Deferred tax is therefore also not applicable.

The association is not registered for VAT and all expenditure is shown inclusive of VAT.

1.9 Provisions

Provisions are recognised when the association has a legal or constructive present obligation as a result of a past event, it is probable that the association will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

1.10 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 association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

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

Payments are also made to a multi-employer defined benefit scheme, but due to the nature of the scheme it is not possible to identify on a reasonable and consistent basis the share of the underlying assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.12 Government grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

2 Judgements and key sources of estimation uncertainty

In the application of the association's accounting policies, the directors 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Pension scheme deficit payments

The association participates in a multi-employer pension scheme which is in deficit. Provision has been made for the deficit contributions payable and the board have relied upon the information received from the Pensions Trust.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Social housing turnover and costs

	2017 £	2016 £
Rents receivable excluding service charges	742,661	741,153
Service charges receivable	363,320	367,222
Guest room income receivable	4,500	3,800
Other sundry income	3,804	3,535
Revenue grants receivable	-	16,000
Amortisation of capital grants	36,726	36,726
	<u>1,151,011</u>	<u>1,168,436</u>
Social housing activity expenditure	(835,633)	(950,892)
	<u>315,378</u>	<u>217,544</u>
Operating surplus/(deficit) from social housing activities		
	<u>331,365</u>	<u>233,697</u>
Net surplus/(deficit) from social housing activities		
	<u>(9,688)</u>	<u>(8,555)</u>
Void losses		

4 Accommodation owned and in management

	Number of units at 31 December 2017	Number of units at 31 December 2016
Completed units:		
Sheltered housing let at social rent	196	194
	<u>196</u>	<u>194</u>

The association's 2 warden flats were converted to sheltered housing units during the year.

5 Operating surplus

	2017 £	2016 £
Operating surplus for the year is stated after charging/(crediting):		
Remuneration, exclusive of VAT, payable to the external auditors:		
Auditing of the accounts	3,761	3,740
Accountancy services	1,825	1,078
Depreciation of owned tangible fixed assets	100,486	100,267
(Deficit)/surplus on disposal of tangible fixed assets	4,266	(761)
	<u></u>	<u></u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees

The average monthly number of persons (including members of the executive team) employed by the association during the year was:

	2017 Number	2016 Number
Management	5	5
Scheme managers	5	5
Cleaners	9	10
Maintainers	2	2
	<u>21</u>	<u>22</u>
Average full time equivalent (based on a 35 hour week)	<u>14</u>	<u>14</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	287,622	277,898
Social security costs	18,973	19,226
Pension costs	17,489	16,688
	<u>324,084</u>	<u>313,812</u>

There are no employees who received more than £60,000 as their employee package.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7	Board and key management personnel remuneration	2017 £	2016 £
	Remuneration for qualifying services	23,601	18,471
	Association pension contributions to defined contribution schemes	2,360	1,594
		<u>25,961</u>	<u>20,065</u>

No remuneration was receivable by non-executive board members.

The highest paid director received £23,601 (2016 - £18,471) remuneration (excluding pension contributions).

For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the association.

After deducting recharges of £45,741 (2016 - £49,367) to the Church of England Soldiers', Sailors' and Airmen's Clubs (CESSAC, a related party), emoluments (excluding pension and national insurance contributions) incurred in respect of the Chief Executive, were £23,601 (2016 - £18,471). The Chief Executive is an ordinary member of the association's pension scheme (The Social Housing Pension Scheme administered by The Pension Trust) carrying no special terms. He received an estimated pension contribution of £2,360 (2016 - £1,594) from the association during the year after apportionment with CESSAC who contributed a further £4,574 (2016 - £4,261). He has no other individual pension arrangement to which the association makes a contribution. The increased pension contribution was caused by the Chief Executive transferring from the Defined Benefit scheme to the less valuable Defined Contribution scheme; although this is more expensive for future contributions it reduces the risk of increasing the deficit.

8	Interest receivable and similar income	2017 £	2016 £
	Interest income		
	Interest on bank deposits	3,156	4,052
	Other income from investments		
	Dividends received	8,282	7,579
	Total income	<u>11,438</u>	<u>11,631</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through income and expenditure	<u>3,156</u>	<u>4,052</u>
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CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	9,576	10,318
Other finance costs:		
Unwinding of discount on provisions	5,000	9,000
	<u>14,576</u>	<u>19,318</u>

10 Amounts written off investments

	2017	2016
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through income and expenditure	21,585	24,603
Other gains/(losses)		
Loss on disposal of financial assets held at fair value through income and expenditure	(2,460)	(763)
	<u>19,125</u>	<u>23,840</u>

11 Taxation

The association has charitable status with HM Revenue & Customs and on the basis of these financial statements no provision has been made for corporation tax.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

Housing properties

	Housing properties for letting £
Cost	
At 1 January 2017	5,477,650
Additions: works to existing properties	102,538
Disposals	(54,706)
At 31 December 2017	5,525,482
Depreciation and impairment	
At 1 January 2017	1,952,205
Depreciation charged in the year	88,734
Eliminated in respect of disposals	(50,440)
At 31 December 2017	1,990,499
Carrying amount	
At 31 December 2017	3,534,983
At 31 December 2016	3,525,445

Other

	Fixtures and fittings £	Office equipment £	Vehicles £	Total £
Cost				
At 1 January 2017	203,664	5,778	32,737	242,179
Disposals	-	(5,109)	-	(5,109)
At 31 December 2017	203,664	669	32,737	237,070
Depreciation and impairment				
At 1 January 2017	121,727	5,778	11,681	139,186
Depreciation charged in the year	9,412	-	2,340	11,752
Eliminated in respect of disposals	-	(5,109)	-	(5,109)
At 31 December 2017	131,139	669	14,021	145,829
Carrying amount				
At 31 December 2017	72,525	-	18,716	91,241
At 31 December 2016	81,937	-	21,056	102,993

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Fixed asset investments

	2017 £	2016 £
Investments	303,896	278,036

The investments are recognised at fair value through income or expenditure and have an original cost of £263,630 (2016: £260,535).

Movements in fixed asset investments

	Charles Stanley share portfolio £
Cost or valuation	
At 1 January 2017	278,036
Additions	25,801
Valuation changes	21,585
Disposals	(21,526)
At 31 December 2017	303,896
Carrying amount	
At 31 December 2017	303,896
At 31 December 2016	278,036

14 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,018	2,456
Instruments measured at fair value through income or expenditure	303,896	278,036
Carrying amount of financial liabilities		
Measured at amortised cost	400,037	407,121

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Social housing rent arrears	2,325	34
Other debtors	693	2,422
Prepayments	10,007	5,039
	<u>13,025</u>	<u>7,495</u>

16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Loans and overdrafts	18	31,312	30,548
Government grants	19	36,726	36,726
Rents paid in advance		358	146
Accruals		52,148	28,896
		<u>120,544</u>	<u>96,316</u>

17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Other borrowings	18	316,219	347,531
Government grants	19	2,524,777	2,561,503
		<u>2,840,996</u>	<u>2,909,034</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	(182,946)	217,509
	<u></u>	<u></u>

18 Loans and overdrafts

	2017 £	2016 £
Other loans	<u>347,531</u>	<u>378,079</u>
Payable within one year	31,312	30,548
Payable after one year	<u>316,219</u>	<u>347,531</u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Loans and overdrafts

(Continued)

The above long term funding is an unsecured loan from CESSAC at an interest rate of 2.5% (fixed for three years from 1 March 2017), the loan is repayable by 31 December 2027.

19 Government grants

Deferred income is included in the financial statements as follows:

	2017 £	2016 £
Current liabilities	36,726	36,726
Non-current liabilities	2,524,777	2,561,503
	<u>2,561,503</u>	<u>2,598,229</u>
	2017 £	2016 £
At 1 January 2017	3,672,646	3,672,646
At 31 December 2017	<u>3,672,646</u>	<u>3,672,646</u>
Amortisation		
At 1 January 2017	1,074,417	1,037,691
Amortised during the year	36,726	36,726
At 31 December 2017	<u>1,111,143</u>	<u>1,074,417</u>
Carrying amount		
At 31 December 2017	<u>2,561,503</u>	<u>2,598,229</u>

Deferred income is comprised of social housing government grants which are amortised over the useful economic of the assets which they finance. Included above are amounts which fall due to be amortised after five years totalling £2,377,873 (2016: £2,414,599).

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

20 Retirement benefit schemes

SCHEME: TPT Retirement Solutions – Social Housing Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1

From 1 April 2016 to 30 September 2020: £40.6m per annum
(payable monthly and increasing by 4.7% each year on 1 April)

Tier 2

From 1 April 2016 to 30 September 2023: £28.6m per annum
(payable monthly and increasing by 4.7% each year on 1 April)

Tier 3

From 1 April 2016 to 30 September 2026: £32.7m per annum
(payable monthly and increasing by 3.0% each year on 1 April)

Tier 4

From 1 April 2016 to 30 September 2026: £31.7m per annum
(payable monthly and increasing by 3.0% each year on 1 April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision £314k (2016: £355k) see note 21.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

21 Provisions for liabilities

	2017 £	2016 £
Pension scheme deficit contribution provision	314,000	355,000
Reconciliation of opening and closing provisions		
At 1 January 2017	355,000	374,000
Remeasurements - impact of any change in assumptions	-	14,000
Deficit contribution paid	(46,000)	(42,000)
Unwinding of the discount factor (interest expense)	5,000	9,000
At 31 December 2017	314,000	355,000
Income and expenditure impact		
Interest expense	5,000	9,000
Remeasurements - impact of any change in assumptions	-	14,000
Contributions paid in respect of future service	17,489	16,688
Costs recognised in income and expenditure account	22,489	39,688
Assumptions		
Rate of discount	1.41%	1.45%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

22 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
Brought forward	21	20
Issued during the year	-	1
21 Ordinary of £1 each	21	21

These shares do not carry any right to a dividend, cannot be redeemed and do not give any provision for a distribution on a winding up. All members are entitled to vote at General Meetings.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

23	Cash generated from operations	2017 £	2016 £
	Surplus for the year	331,365	233,697
	Adjustments for:		
	Finance costs recognised in income and expenditure	14,576	19,318
	Investment income recognised in income and expenditure	(11,438)	(11,631)
	Loss/(gain) on disposal of tangible fixed assets	4,266	(761)
	Depreciation and impairment of tangible fixed assets	100,486	100,267
	Fair value gains and losses on investments	(19,125)	(23,840)
	(Decrease) in provisions	(46,000)	(28,000)
	Movements in working capital:		
	(Increase)/decrease in debtors	(7,259)	3,610
	Increase/(decrease) in creditors	23,464	(32,506)
	(Decrease) in deferred income	(36,726)	(36,726)
	Cash generated from operations	<u>353,609</u>	<u>223,428</u>

24 Non-audit services provided by auditor

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

Financial Services Authority

Direct line: 020 70663428
Email: mutual.societies@fsa.gov.uk



CESSA Housing Association

1 Shakespeare Terrace, 126 High Street
PORTSMOUTH
PO1 2RH

Date: 7 June 2010

Our Ref: 21222R/HK

Dear Michael J Pearce

Thank you for your letter dated 29 April 2010 regarding the societies failed Annual Return and Accounts 2009 due to the society not providing a copy of the letter from Inland Revenue to confirm its charitable status.

I appreciate that due to the fact that the annual return and accounts have previously been accepted without this letter, it indicated that the Mutual Team was able to accept the annual return and accounts without this letter, however please understand that the normal procedure and also requirement is that any society who claims Charitable status must enclose a letter from Inland Revenue confirming this and provide a reference number. If they did not then the annual return and accounts should be returned for correction and this should be the practice adopted by all members of the Mutual Team.

I can see from the documents that you have provided that in this case, the annual return and accounts have been accepted without this and this may be the reason why the society has always submitted their yearly annual return and accounts without the Inland Revenue letter.

I can now confirm that the Mutuels Team have now revised the requirements of the annual return and accounts and we have decided that going forward, a society can submit their annual return and accounts without providing the Inland revenue letter and reference number therefore we would no longer need you to fulfil this requirement.

I look forward to receiving your 2009 annual return and accounts.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Husna Khatun'.

Husna Khatun

Mutual Societies Registration

You may wish to note that Mutual Societies Registration has:

- a general enquiry phone number : **0845 606 9966 (option 3)**
- made available for downloading from **http://www.fsa.gov.uk/pages/Doing/small_firms/MSR/index.shtml** all the most requested registration application forms and Information Notes (and this website contains other useful information as well).
- an online register of mutual societies which can be found at **<http://mutuals.fsa.gov.uk>**