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PRUDENTIAL REGULATION
AUTHORITY



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.



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

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

3	1	/	1	2	/	2	0	1	5
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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
Commander PATRICK MAYFIELD Royal Navy	Lonsdale House Redford GU29 0QF	1936	Retired Naval Officer
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 Purlicu, Hants, SO45 4AZ	1946	Retired Naval Officer
Mr BERNARD PARSONS	46 Maple Drive Denmead PO7 6QQ	1943	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

1

Addition to question 1.6

Name	Address	Year of Birth	Business Occupation & Other Directorships
Colonel CHARLES ACKROYD RD TD DL	4 Finch House, Gunnery Row, Southsea, PO4 9XD	1954	District Judge

Name: Patrick Charles Keefe

Signature:

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a long horizontal stroke and a small upward tick at the end.

Phone number: 02392829319

e-mail: patrick.keefe@cessaha.co.uk

Date: 12/04/16

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

L0104

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?

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.

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.

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 15% 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?

The Association completed its third remodelling project to improve the quality of accommodation of its schemes in March 2016. This project cost £1M across 3 of its financial years. In 2014 the first phase completed, changing 9 bedsits into 6 double bedroomed flats to meet demand. The second phase converted the remaining bedsits into single-bedroom flats and provided a double bedroom specially adapted for disabled use. Improvements made in other schemes include some new boilers, kitchens, bathrooms and upgraded fire alarm systems.

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	15
B	Members ceased during year	0
C	Members admitted during year	5
D	Members at end of year	20
E	Turnover for year	1,121,898
F	Total of income and expenditure (receipts and payments added together)	NA - professional auditors
G	Net surplus/(deficit) for year	(24,540)
H	Fixed assets	3,843,801
I	Current assets	750,664
J	Total assets (equal to amount in row O, below)	4,594,465
K	Current liabilities	128,077
L	Share capital	20
M	Long-term liabilities	3,350,308
N	Reserves	1,116,060
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	4,594,465
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 exclusions (as approved by the FCA)

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

[illegible]

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	2	/	0	6	/	2	0	1	6
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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	12/04/16

Financial Conduct Authority registration number 21222R
Homes and Communities Agency registration number L0104

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

INFORMATION

Directors	Rear Admiral A R Rymer Commander S F Carter RN Commander P T Mayfield RN Commander A E Mizen RN Air Commodore D J Hamilton-Rump RAF Mr B H Parsons FCA Colonel C E H Ackroyd TD RD DL Mr A J Cobb	(Appointed 25 January 2016) (Appointed 25 January 2016)
Secretary	Commander P C Keefe RN	
FCA registration number	21222R	
HCA registration 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 2015

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 2015.

Fair review of the business

The key financial results for the year are set out on pages 8 & 9. The small deficit of £24K in 2015 is, as planned, due to the peak year of expenditure on the St George's Court project. It is worth highlighting that 2014 would also have shown a deficit without the £108,828 then remaining of the Libor grant towards the project. Without such exceptional income boosting 2014's turnover, there would be greater similarity in the figures. Therefore CESSA HA continues to perform well and on track in accordance with its business plan.

Principal risks and uncertainties

2015 has highlighted the existence of a number of political risks that had not even been included in the Homes and Communities Agency's (HCA) Sector Risk Profile, including plans to: reduce rents for the next 4 years; extend the Right to Buy; implement Pay to Stay & fixed term tenancies and the intention to cap housing benefit from 2018. Fortunately, many of these measures have become voluntary for associations or decisions deferred with respect to sheltered housing. Currently, therefore, 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. Now that the association has investments, these present a higher risk than deposit accounts, but the latter have been growing at less than inflation. Performance is reviewed at every meeting and out of committee whenever required.

Development and performance

The association has spent £ms on remodelling and upgrading its schemes over the last 10 years. Although applications remain buoyant and void rates very low, there are currently no plans for expansion due to the slowly shrinking pool of eligible beneficiaries and the uncertainty generated by changes in national housing & welfare policy. The focus is instead on the improvement of the facilities and services to tenants, in which the association performs very well as evidenced throughout this report.

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.

By order of the board

Commander P C Keefe RN
Secretary
6 April 2016

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

BOARD REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

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 Homes and Communities Agency (HCA). Its principal activities are the rental and management of 196 sheltered flats (2 of which are occupied by scheme managers) 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

Air Commodore M J Allisstone CBE RAF (Retired 15 June 2015)

Commander S F Carter RN

Commander P T Mayfield RN

Commander A E Mizen RN

Air Commodore D J Hamilton-Rump RAF

Mr B H Parsons FCA

Colonel C E H Ackroyd TD RD DL (Appointed 25 January 2016)

Mr A J Cobb (Appointed 25 January 2016)

All directors 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.

Auditors

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

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

BOARD REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 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.

Statement of disclosure to auditors

We, the directors of the association who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the association's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the association's auditors are 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 2015

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 May 2015. The only issues from the checklist are:

- One board member had exceeded nine years because, when Vice Chairman, he was elected for an extra term to ensure continuity following the unexpected resignation of the then Chairman through ill-health. He will be retiring in 2016 and a replacement has been found.
- 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 2015 with 100% attendance except when one member was in hospital and when another was out of the country. 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 changes to the regulatory framework in 2015 have also prompted an updating of the Asset & Liability Register. Regarding the Rent Standard, all but 4 of CESSA HA's tenants have Assured Tenancies, the exceptions being those of long standing who retain 'fair rents'. The Board agreed an interim rent policy in 2015 that will gradually bring all units to a similar ratio of the Formula Rent for each property as flats are relet. Basic rent changes for existing tenants are always within the regulator's instructions and those for 2015 were therefore increased by the September 2014 CPI figure (1.2%) plus 1% and on average remain well below the Formula Rent. Service charges are set to meet actual costs and therefore in 2015, as in previous years, some of the charges decreased slightly rather than increased.

Reference to board's annual review of internal control

Board members routinely undertake internal audit activity and the financial controls have been thoroughly revised this year alongside key terms of reference and numerous policies. One of these was the risk management policy, which was completely reviewed this year and a new system implemented. Every risk identified is programmed for review 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 term 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.

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 so the only 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. 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, some garden and a salon for visiting hairdressers/others.

Return on Assets: The Return On Capital Employed (ROCE) expressed as the underlying surplus/Net Book Value shows a return averaging 32% over the last 2 years. 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 therefore funded to facilitate the organisation of support for tenants, including social activities.

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

BOARD REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

Absolute & Comparative Costs: On average, CESSA HA's basic rents are about 15% below the Government's 'Formula' Rent for each flat. 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 benefits from a charitably low-interest loan from its sister charity, CESSAC, at only 2.5% interest for the first 5 years. In 2013, CESSA HA achieved a grant of £160,000 from the Armed Forces Covenant team towards the remodelling St Georges' Court, its third project of the current Development Plan. 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. In 2015 a grant was received from the Big Lottery Fund of £7,920 towards the installation of the communal computers (covered below). Achievements in 2015:

- Increased training and awareness of dementia, resulting in the floors outside each communal lift being painted to make it easier to notice for tenants living with dementia.
- A trial of the provision of additional support to tenants in need was successfully undertaken (Support workers assessed residents thought to benefit from more help than their Scheme Manager had time for and addressed their specific needs in a planned way).
- At Dhekelia Court, cooker hoods were installed in all flats, together with a high standard upgrade of the fire alarm system throughout.
- An age-appropriate communal computer has been installed in each scheme, with associated internet connection and wifi, at no cost to tenants, to encourage digital inclusion. The scheme managers have all been trained on how to educate tenants on their use and are achieving good results.
- Two replacement boilers installed in Glamis Block A, also providing better resilience.
- Tenants at CESSAC House were provided with a room for an internal shop for long-life bulky items like toilet paper to save having to carry such things so far.

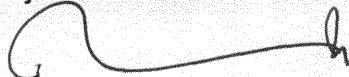
Service delivery is a key part of delivering VfM and in 2015 CESSA HA was independently assessed to be providing an excellent service. The association carries out an annual tenant satisfaction survey, is a member of Procurement for Housing and brought its health and safety and fire risk assessments management function 'in house' in 2011.

Plans for 2016 include:

- To expand co-operation with local sheltered housing associations to share costs and gain additional income through providing them H&S services.
- The association has taken advantage of very low utility prices and, although current contracts for gas and electricity do not expire until 2016, DoH has already successfully re-negotiated contracts for the subsequent three years. This has meant that the already competitive prices of the current contracts have been further reduced by 6.7% for electricity and 18.84% for gas.
- To roll-out the provision of additional support to all schemes following 2015's trial.
- To replace one of the two maintainers' vans.
- To upgrade the Glamis Court fire alarm system to include the internal areas of residents' flats.
- To agree a timetable for refurbishment of all 5 Communal areas and undertake as much of this work as possible in 2016.

CESSA HA continues its robust approach to ensuring the best possible use is made of the resources by listening to the feedback from tenants and other stakeholders. This includes continued improvement of assets via a long term refurbishment programme and investing in the provision of excellent services to tenants.

By order of the board



Commander P C Keefe RN
Secretary

6 April 2016

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

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.



Jones Avens Limited

6 April 2016

**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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Church of England Soldiers', Sailors' and Airmen's Housing Association Limited for the year ended 31 December 2015 set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the housing 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.

Respective responsibilities of directors and auditors

As explained more fully in the Board's Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 25 to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 December 2015 and of its income and expenditure for the year then ended; 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 in England 2015.

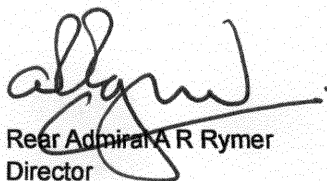
CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

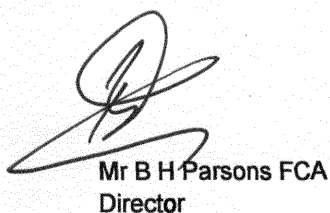
STATEMENT OF TOTAL COMPREHENSIVE INCOME (including Income and Expenditure Account) FOR THE YEAR ENDED 31 DECEMBER 2015

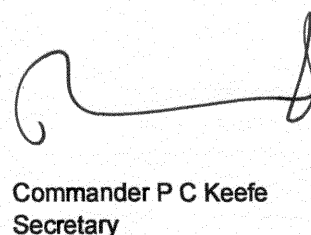
		2015 £	2014 £
Turnover	Notes 3	1,121,898	1,202,463
Administrative expenses		(1,134,762)	(1,127,937)
Operating (deficit)/surplus	5	(12,864)	74,526
Interest receivable and similar income	8	11,025	7,980
Interest payable and similar charges	9	(17,042)	(21,748)
Amounts written off investments	10	(5,659)	(998)
(Deficit)/surplus before taxation		(24,540)	59,760
Taxation	11	-	-
(Deficit)/surplus for the financial year		(24,540)	59,760
Total comprehensive income for the year		(24,540)	59,760

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
Director


Mr B H Parsons FCA
Director


Commander P C Keefe
Secretary

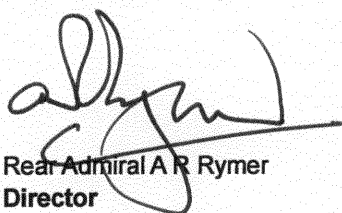
CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BALANCE SHEET


AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	12	3,595,766		3,476,185	
Investments	13	248,035		249,440	
		<u>3,843,801</u>		<u>3,725,625</u>	
Current assets					
Debtors	15	11,178		15,487	
Cash at bank and in hand		739,486		890,948	
		<u>750,664</u>		<u>906,435</u>	
Creditors: amounts falling due within one year	17	<u>(128,077)</u>		<u>(145,608)</u>	
Net current assets			622,587		760,827
Total assets less current liabilities			4,466,388		4,486,452
Creditors: amounts falling due after more than one year	18		(2,976,308)		(3,042,837)
Provisions for liabilities	19		(374,000)		(303,000)
Net assets			<u>1,116,080</u>		<u>1,140,615</u>
Capital and reserves					
Called up share capital	22		20		15
Income and expenditure reserve			1,116,060		1,140,600
Total equity			<u>1,116,080</u>		<u>1,140,615</u>


The financial statements were approved by the board of directors and authorised for issue on 6 April 2016 and are signed on its behalf by:



Rear Admiral A R Rymer
Director



Mr B H Parsons 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 2015

		Share capital	Other reserves	Income and expenditure reserve	Total
	Notes	£	£	£	£
Balance at 1 January 2014		7	1,055,028	776,409	1,831,444
Effect of transition to FRS 102		-	(1,055,028)	304,431	(750,597)
Balance at 1 January 2014		7	-	1,080,840	1,080,847
Period ended 31 December 2014:					
Surplus and total comprehensive income for the year		-	-	59,760	59,760
Issue of share capital	22	9	-	-	9
Forfeited shares		(1)	-	-	(1)
Balance at 31 December 2014		15	-	1,140,600	1,140,615
Period ended 31 December 2015:					
Deficit and total comprehensive income for the year		-	-	(24,540)	(24,540)
Issue of share capital	22	5	-	-	5
Balance at 31 December 2015		20	-	1,116,060	1,116,080

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	24	108,957		55,907	
Interest paid		(11,042)		(11,748)	
Net cash inflow from operating activities		97,915		44,159	
Investing activities					
Purchase of tangible fixed assets		(228,228)		(158,655)	
Proceeds on disposal of fixed asset investments		6,712		-	
Purchase of fixed asset investments		(10,966)		(250,438)	
Interest received		6,719		3,895	
Dividends received		5,457		439	
Net cash used in investing activities		(220,306)		(404,759)	
Financing activities					
Proceeds from issue of shares		5		9	
Repayment of borrowings		(29,076)		(28,367)	
Net cash used in financing activities		(29,071)		(28,358)	
Net decrease in cash and cash equivalents		(151,462)		(388,958)	
Cash and cash equivalents at beginning of year		890,948		1,279,906	
Cash and cash equivalents at end of year		739,486		890,948	

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The association adopted FRS102 and the SORP in the current year and an explanation of how the transition to FRS102 and the SORP has affected the reported financial position and performance is given in note 26.

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 2015

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
Computers	Four years straight line basis
Vehicles	Four 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 the income and expenditure.

Major components of housing properties, such as lifts, double glazing, bathrooms and kitchens, 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 and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 which are not subsidiaries, associates or joint ventures, 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 publically 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 2015

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.

Other financial liabilities

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

(Continued)

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.

3 Social housing turnover and costs

	2015 £	2014 £
Rents receivable excluding service charges	708,769	691,095
Service charges receivable	362,832	360,013
Guest room income receivable	3,140	2,254
Other sundry income	2,511	3,547
Revenue grants receivable	7,920	108,828
Amortisation of capital grants	36,726	36,726
	<u>1,121,898</u>	<u>1,202,463</u>
Social housing activity expenditure	(1,134,762)	(1,127,937)
	<u>(12,864)</u>	<u>74,526</u>
Operating surplus/(deficit) from social housing activities	<u>(12,864)</u>	<u>74,526</u>
Net surplus/(deficit) from social housing activities	<u>(12,864)</u>	<u>74,526</u>
Void losses	<u>(18,477)</u>	<u>(11,559)</u>

4 Accommodation owned and in management

	Number of units at 31 December 2015	Number of units at 31 December 2014
Completed units:		
Sheltered housing let at social rent	194	195
	<u>194</u>	<u>195</u>

The association also owns an additional 2 warden flats in the above schemes.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

5	Operating (deficit)/surplus	2015 £	2014 £
	Operating (deficit)/surplus for the year is stated after charging/(crediting):		
	Remuneration, exclusive of VAT, payable to the external auditors:		
	Auditing of the accounts	3,660	3,550
	Accountancy services	1,828	1,753
	Depreciation of owned tangible fixed assets	100,391	91,077
	Deficit on disposal of tangible fixed assets	8,256	6,578
		<u> </u>	<u> </u>

6 Employees

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

	2015 Number	2014 Number
Management	5	5
Scheme managers	5	5
Cleaners	10	9
Maintainers	2	2
	<u> </u>	<u> </u>
	22	21
	<u> </u>	<u> </u>
Average full time equivalent (based on a 35 hour week)	<u> </u> 12	<u> </u> 12

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	273,603	270,979
Social security costs	17,429	15,444
Pension costs	12,834	13,651
	<u> </u>	<u> </u>
	303,866	300,074
	<u> </u>	<u> </u>

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7 Board and key management personnel remuneration	2015	2014
	£	£
Remuneration for qualifying services	17,613	15,655
Association pension contributions to defined contribution schemes	762	1,027
	<u>18,375</u>	<u>16,682</u>

No remuneration was receivable by non-executive board members.

The highest paid director received £17,613 (2014 - £15,655) 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 £46,657 (2014 - £41,380) 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 £17,613 (2014 - £15,655). 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 £762 (2014 - £1,027) from the association during the year after apportionment with CESSAC who contributed a further £2,018 (2014 - £1,540). He has no other individual pension arrangement to which the association makes a contribution.

8 Interest receivable and similar income	2015	2014
	£	£
Interest income		
Interest on bank deposits	5,568	7,541
Other income from investments		
Dividends received	5,457	439
Total income	<u>11,025</u>	<u>7,980</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through income and expenditure	<u>5,568</u>	<u>7,541</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 2015

9 Interest payable and similar charges

	2015	2014
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	11,042	11,748
Other finance costs:		
Unwinding of discount on provisions	6,000	10,000
	<u>17,042</u>	<u>21,748</u>

10 Amounts written off investments

	2015	2014
	£	£
Loss on disposal of fixed asset investments	(183)	-
Other gains and losses	(5,476)	(998)
	<u>(5,659)</u>	<u>(998)</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 2015

12 Tangible fixed assets

Housing properties

Housing properties for letting

	£
Cost	
At 1 January 2015	5,232,481
Additions: works to existing properties	228,228
Disposals	(11,750)
At 31 December 2015	5,448,959
Depreciation and impairment	
At 1 January 2015	1,770,000
Depreciation charged in the year	98,378
Eliminated in respect of disposals	(3,494)
At 31 December 2015	1,864,884
Carrying amount	
At 31 December 2015	3,584,075
At 31 December 2014	3,462,481

Other

	Fixtures and fittings	Computers	Vehicles	Total
	£	£	£	£
Cost				
At 1 January 2015	144,592	5,778	45,137	195,507
At 31 December 2015	144,592	5,778	45,137	195,507
Depreciation and impairment				
At 1 January 2015	130,888	5,778	45,137	181,803
Depreciation charged in the year	2,013	-	-	2,013
At 31 December 2015	132,901	5,778	45,137	183,816
Carrying amount				
At 31 December 2015	11,691	-	-	11,691
At 31 December 2014	13,704	-	-	13,704

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

13 Fixed asset investments

	2015 £	2014 £
Listed investments	248,035	249,440
Listed investments included above:		
Listed investments carrying amount	248,035	249,440

Movements in fixed asset investments

	Shares £
Cost or valuation	
At 1 January 2015	249,440
Additions	10,966
Valuation changes	(5,476)
Disposals	(6,895)
At 31 December 2015	248,035
Carrying amount	
At 31 December 2015	248,035
At 31 December 2014	249,440

14 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	742,277	895,307
Equity instruments measured at cost less impairment	248,035	249,440
	990,312	1,144,747
Carrying amount of financial liabilities		
Measured at amortised cost	469,430	516,764

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

15 Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Social housing rent arrears	296	713
Other debtors	2,495	3,646
Prepayments	8,387	11,128
	<u>11,178</u>	<u>15,487</u>

16 Loans and overdrafts

	2015	2014
	£	£
Other loans	<u>407,882</u>	<u>436,958</u>
Payable within one year	29,803	29,076
Payable after one year	<u>378,079</u>	<u>407,882</u>
Amounts included above which fall due after five years:		
Payable by instalments	<u>251,227</u>	<u>284,125</u>

The above long term funding is an unsecured loan from CESSAC at an interest rate of 2.5% (fixed for five years from 1 March 2012), the loan is repayable by 31 December 2027.

17 Creditors: amounts falling due within one year

	Notes	2015	2014
		£	£
Loans and overdrafts	16	29,803	29,076
Government grants	20	36,726	36,726
Rents paid in advance		673	104
Accruals		60,875	79,702
		<u>128,077</u>	<u>145,608</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Creditors: amounts falling due after more than one year

	Notes	2015 £	2014 £
Loans and overdrafts	16	378,079	407,882
Government grants	20	2,598,229	2,634,955
		<u>2,976,308</u>	<u>3,042,837</u>

19 Provisions for liabilities

	2015 £	2014 £
Pension scheme deficit contribution provision	<u>374,000</u>	<u>303,000</u>
Reconciliation of opening and closing provisions		
At 1 January 2015	303,000	311,000
Remeasurements - amendments to the contribution schedule	104,000	-
Remeasurements - impact of any change in assumptions	(5,000)	14,000
Deficit contribution paid	(34,000)	(32,000)
Unwinding of the discount factor (interest expense)	6,000	10,000
At 31 December 2015	<u>374,000</u>	<u>303,000</u>
Income and expenditure impact		
Interest expense	6,000	10,000
Remeasurements – impact of any change in assumptions	(5,000)	14,000
Remeasurements – amendments to the contribution schedules	104,000	-
Contributions paid in respect of future service	12,834	13,651
Costs recognised in income and expenditure account	<u>117,834</u>	<u>37,651</u>
Assumptions		
Rate of discount	2.48%	2.18%

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

20 Government grants

Deferred income is included in the financial statements as follows:

	2015 £	2014 £
Current liabilities	36,726	36,726
Non-current liabilities	2,598,229	2,634,955
	<u>2,634,955</u>	<u>2,671,681</u>
	2015 £	2014 £
At 1 January 2015	3,672,646	3,672,646
At 31 December 2015	<u>3,672,646</u>	<u>3,672,646</u>
Amortisation		
At 1 January 2015	1,000,965	964,239
Amortised during the year	36,726	36,726
At 31 December 2015	<u>1,037,691</u>	<u>1,000,965</u>
Carrying amount		
At 31 December 2015	<u>2,634,955</u>	<u>2,671,681</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

21 Retirement benefit schemes

SCHEME: The Pensions Trust – Social Housing Pension Scheme

The association 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 association 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 association 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 £374k (2014: £303k) see note 19.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

22 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
Brought forward	15	7
Issued during the year	5	9
Forfeited during the year	-	(1)
	<u>20</u>	<u>15</u>
20 Ordinary of £1 each		

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.

23 Capital commitments

	2015 £	2014 £
At 31 December 2015 the association had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Improvements and conversions to existing properties	108,756	505,045

The above expenditure will be funded by cash reserves.

24 Cash generated from operations

	2015 £	2014 £
(Deficit)/surplus for the year	(24,540)	59,760
Adjustments for:		
Finance costs recognised in income and expenditure	17,042	21,748
Investment income recognised in income and expenditure	(11,025)	(7,980)
Loss on disposal of tangible fixed assets	8,256	6,578
Depreciation and impairment of tangible fixed assets	100,391	91,077
Amounts written off investments	5,659	998
Forfeited shares	-	(1)
Increase/(decrease) in provisions	65,000	(18,000)
Movements in working capital:		
Decrease in debtors	3,158	3,196
(Decrease)/increase in creditors	(18,258)	44,085
(Decrease) in deferred income	(36,726)	(145,554)
Cash generated from operations	<u>108,957</u>	<u>55,907</u>

25 Auditor's ethical standards

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

26 Reconciliations on adoption of FRS 102

Reconciliation of equity

		At 1 January 2014			At 31 December 2014		
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Notes	£	£	£	£	£	£
Fixed assets							
Tangible assets	1	1,146,375	2,268,810	3,415,185	1,245,074	2,231,111	3,476,185
Investments		-	-	-	249,440	-	249,440
		<u>1,146,375</u>	<u>2,268,810</u>	<u>3,415,185</u>	<u>1,494,514</u>	<u>2,231,111</u>	<u>3,725,625</u>
Current assets							
Debtors		15,037	-	15,037	15,487	-	15,487
Bank and cash		1,279,906	-	1,279,906	890,948	-	890,948
		<u>1,294,943</u>	<u>-</u>	<u>1,294,943</u>	<u>906,435</u>	<u>-</u>	<u>906,435</u>
Creditors due within one year							
Loans and overdrafts		28,367	-	28,367	29,076	-	29,076
Other creditors		35,721	-	35,721	79,806	-	79,806
Deferred income	2	108,828	36,726	145,554	-	36,726	36,726
		<u>172,916</u>	<u>36,726</u>	<u>209,642</u>	<u>108,882</u>	<u>36,726</u>	<u>145,608</u>
Net current assets		<u>1,122,027</u>	<u>(36,726)</u>	<u>1,085,301</u>	<u>797,553</u>	<u>(36,726)</u>	<u>760,827</u>
Total assets less current liabilities		<u>2,268,402</u>	<u>2,232,084</u>	<u>4,500,486</u>	<u>2,292,067</u>	<u>2,194,385</u>	<u>4,486,452</u>
Creditors due after one year							
Loans and overdrafts		436,958	-	436,958	407,882	-	407,882
Deferred income	2	-	2,671,681	2,671,681	-	2,634,955	2,634,955
		<u>436,958</u>	<u>2,671,681</u>	<u>3,108,639</u>	<u>407,882</u>	<u>2,634,955</u>	<u>3,042,837</u>
Provisions for liabilities							
Other provisions		-	311,000	311,000	-	303,000	303,000
Net assets		<u>1,831,444</u>	<u>(750,597)</u>	<u>1,080,847</u>	<u>1,884,185</u>	<u>(743,570)</u>	<u>1,140,615</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

26 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Capital and reserves						
Share capital	7	-	7	15	-	15
Other reserves	1,055,028	(1,055,028)	-	1,184,236	(1,184,236)	-
Income and expenditure	776,409	304,431	1,080,840	699,934	440,666	1,140,600
Total equity	1,831,444	(750,597)	1,080,847	1,884,185	(743,570)	1,140,615

Reconciliation of surplus or deficit for the year

		Period ended 31 December 2014		
		Previous UK GAAP	Effect of transition	FRS 102
	Notes	£	£	£
Turnover	2	1,165,737	36,726	1,202,463
Gross surplus		1,165,737	36,726	1,202,463
Administrative expenses	1, 3	(1,108,238)	(19,699)	(1,127,937)
Operating (deficit)/surplus		57,499	17,027	74,526
Interest receivable and similar income		7,980	-	7,980
Interest payable and similar charges	3	(11,748)	(10,000)	(21,748)
Amounts written off investments		(998)	-	(998)
Surplus before taxation		52,733	7,027	59,760
Taxation		-	-	-
Surplus for the financial period		52,733	7,027	59,760

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

26 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of equity

		At 1 Jan 2014	At 31 Dec 2014
	Notes	£	£
Equity as reported under previous UK GAAP		1,831,444	1,884,185
Depreciation and loss on disposals	1	2,268,810	2,231,111
Deferred income amortisation	2	(2,708,407)	(2,671,681)
Pension scheme provision	3	(311,000)	(303,000)
Equity reported under FRS 102		<u>1,080,847</u>	<u>1,140,615</u>

Reconciliation of surplus or deficit

	Notes	2014 £
Surplus or deficit as reported under previous UK GAAP		52,733
Depreciation and loss on disposals	1	(37,699)
Deferred income amortisation	2	36,726
Pension scheme provision	3	8,000
Surplus or deficit reported under FRS 102		<u>59,760</u>

Notes to reconciliations on adoption of FRS 102

1 Tangible fixed assets and depreciation

Social housing grant has been reclassified as deferred income, which results in an increase in the carrying value and also an increase in depreciation.

2 Deferred income and amortisation

As above, social housing grant has been reclassified as deferred income, which results in an increase in the long term creditors and also an increase in income, due to amortisation.

3 Pension scheme deficit provision

A provision has been recognised in respect of the deficit contributions due on the SHPS pension scheme.

4 Designated reserves

The SORP considers designations of reserves to be an internal matter and therefore should not be disclosed in the primary statements. Therefore these sums have been transferred back to the income and expenditure reserve,