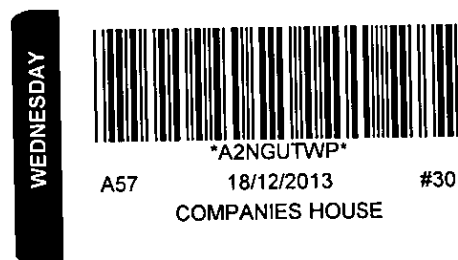


Registered number: 07100967
Charity number: 1135918

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2013



**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MAY 2013

Trustees	V/Admiral Sir R W F Gerken KCB CBE DL, Chairman (resigned 1 June 2013) R/Admiral M G Wood CBE JP, Chairman (appointed 1 June 2013) Mrs H Bailey P W S C Brockman Lt Col N Bruce-Jones RM (resigned 13 October 2012) Lt Col K Oliver RM (appointed 13 October 2012) Mr P J Crump Mrs N Duncan (resigned 24 April 2013) Commander D Knight (resigned 24 May 2012) Commander A Cole OBE (appointed 24 May 2012) Captain D G Littlejohns CBE MBA Warrant Officer 1 (MAA) A Sharpe (resigned 8 April 2013) Warrant Officer 1 (MAA) K James (appointed 8 April 2013)
Company registered number	07100967
Charity registered number	1135918
Registered office	China Fleet Country Club Saltash Cornwall PL12 6LJ
Chief executive officer	Mr A Sharpe MBE
Independent auditors	Bishop Fleming Chartered Accountants Cobourg House Mayflower Street Plymouth PL1 1LG
Bankers	HSBC Forder House 20 William Prance Road Plymouth Devon PL6 5WR
Solicitors	Bond Pearce Ballard House West Hoe Road Plymouth Devon PL1 3AE

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MAY 2013**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of China Fleet Trust (the company and the group) for the year ended 31 May 2013. The Trustees confirm that the Annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

China Fleet Trust ("the Trust") is a registered charity, number 1135918 and is governed by its Memorandum of Association dated 10 December 2009 and Articles of Association dated 10 December 2009.

The Trust is governed and directed by its board of trustees with operational management delegated to the Chairman and a Chief Executive. The board of trustees meet as required but at least twice a year. The Trust maintains an office at Saltash where the Chief Executive executes his duties. The Chairman makes regular visits to the office to deal with matters arising and is a co-signatory with the Chief Executive plus two other Trustees for signing cheques. The declaration of Trust requires that the total number of trustees shall not exceed nine or be less than four. New trustees are appointed by means of an invitation extended by the existing trustees. The trustees are listed on page 2.

The facilities of the Club are operated by a wholly owned subsidiary company, China Fleet Country Club Limited ("the company"). The Trust negotiates bi-annually a non-exclusive licence agreement for the company to operate the Club and act as agent for the Trust in providing on-site leisure and recreational facilities for the beneficiaries. Mr David O'Sullivan is the chairman of the board of directors of the company and the board of trustees' appointed representative.

The China Fleet Club Beneficiaries Committee is chaired by a Trustee, Warrant Officer Korena James. Mr Dean Bennett (with effect from 14 February 2012) attends meetings of the trustees and meetings of the China Fleet Club Beneficiaries Committee.

The Trust has adopted the Statement of Recommended Practice "Accounting and Reporting by Charities" 2005, as described on page 15.

b. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The trustees have recognised the importance of implementing an effective induction procedure, and this has been formalised by introducing a structured induction program for new trustees. This helps the individual to integrate effectively into the charity, gain a good awareness of their new responsibilities with regard to the governing documents, the business environment, its charitable objectives on behalf of the beneficiaries, the relationship between Club and Trust and how the charity was originally formed. The Chairman of the Trustees conducts the induction, provides a tour of the facilities and introduces key staff. By introducing a structured checklist to the process, it ensures no areas are overlooked, this includes

- Completion of engagement forms for the Trustees' Register (Code of Conduct, Register of Interests etc)
- Completion of a Skills Audit, to enable the Trust to assess and monitor its skills levels
- Provide copies of key documents, including Trust Deed, License Agreement, Minutes of last meeting, Conflicts of Interest Policy
- Explanation of Club history
- Explanation of organisational diagram
- Discussion regarding Club & Trust financial position
- Summary of future plans and developments, incorporating the Strategic Plan

The overall outcome is that new appointees are settled more effectively and comfortably into their role, they have a better and more thorough understanding of the business environment and activities, its aims and objectives,

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2013**

which should maximise their capability to contribute fully to the trustee forum when they attend Trust meetings

Training requirements would be identified as part of the induction process, and the skills audit would help to highlight any significant needs. Training can be provided where necessary, and would include one-to-one coaching within specific areas, spending time with key staff to gain a better understanding, training courses etc

c. RISK MANAGEMENT

The Trustees meet regularly to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying means of mitigating the risks. As part of this process the trustees have reviewed the adequacy of the charity's current internal controls. The trustees are pleased to report that the charity's internal financial controls, in particular, comply in all respects with guidelines issued by the Charity Commission. The trustees continue to promote procedures to ensure that forward looking, continuous risk management processes become part of the operating culture of the charity.

OBJECTIVES AND ACTIVITIES

a. POLICIES AND OBJECTIVES

The objective of the Trust is to provide leisure and recreational facilities for non-commissioned officers and ratings of the Naval forces, their families and dependants (collectively known as "the beneficiaries") thus satisfying the public benefit test (the promotion of the efficiency of the armed forces of the crown). The declaration of trust provides the trustees with wide discretionary investment powers to achieve the objective of the Trust.

To further its objective the Trust has developed the China Fleet Country Club at Saltash ("the Club") and also owns a number of timeshares in the United Kingdom.

b. PUBLIC BENEFIT

The Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. The Trustees consider that their Charitable activities fall within the descriptions of charitable purposes set out in the Charities Act and are for the public benefit as set out below.

"The promotion of the efficiency of the Armed Forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services"

The Charity satisfies the public benefit test in the provision of sporting, leisure and relaxation facilities, including accommodation for the use of their beneficiaries, being non-commissioned personnel of the Royal Navy and Royal Marines, and their immediate families.

The Trustees believe that by providing such facilities the beneficiaries return to active duty refreshed, relaxed and ready to face their next task, thus maintaining and increasing their efficiency in the defence of the realm.

The Trustees have considered the matter of detriment and harm and are content that neither arises from the Trusts charitable activities.

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2013**

ACHIEVEMENTS AND PERFORMANCE

a GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. FINANCIAL REVIEW

The trustees present their report and financial statements for year ended 31 May 2013.

At 31 May 2013 there were 15,076 beneficiaries registered with the Club compared to 13,819 at 31 May 2012 (China Fleet Club UK Charitable Trust).

The consolidated statement of financial activities for the year shows the net movement in funds for the year was a surplus of £313,510 (2012 £123,000 deficit).

The charity's wholly-owned trading subsidiary, the China Fleet Country Club Limited, carries out non-charitable trading activities for the charity. During the year the company made gift aid payments totalling £133,000 (2012 £110,248) transferring all its taxable profits to the charity. The China Fleet Country Club Limited reported no profits (2012 £nil) for the year.

c. ACHIEVEMENTS AND PERFORMANCE

The Strategic Plan recognised that the financial stability of the charity is dependent upon the good husbandry of the charity's own assets and the profitability and commerciality of its trading subsidiary.

Holiday Portfolio

The Trust owns a number of allocated timeshare weeks in the UK, together with a holding in the Holiday Property Bond (HPB) inherited from the China Fleet Club Hong Kong upon its closure. These provide a varying number of holidays per year to the beneficiaries of the Trust. Venues include Cornwall, Devon, Dorset, Wales, Scotland, the Lake District and France together with a choice of alternative locations within the EU.

The holidays are marketed on a web based approach. This seems to be the most efficient and economical means of generating both awareness and the ability to book holidays by the beneficiaries throughout the world regardless of where they are currently located. Many beneficiaries have taken advantage of the excellent value holidays available thus further underlining the Trust's charitable objectives.

All fees charged for the holidays are kept to a minimum to cover administration and maintenance costs etc.

Trading Subsidiary (China Fleet Country Club Limited)

The year's financial performance was slightly down on the previous year, although the trading company still made a profit, enabling the trading company to make gift aid payments to the Trust.

Profits have been achieved despite the country being in a recession that has had an effect on the conference, accommodation and golf elements of the business.

A major effort was made on cost cutting, which has seen reductions in cost of sales and administration expenses in the period. The trading company's main cost, staff salaries, have risen however. Despite this, the company believe they are now well placed as the slow recovery from recession proceeds.

Going forward, the trading subsidiary will continue to investigate additional income streams while maintaining a high quality facility to the beneficiaries and members, at the same time continuing to aim to minimise costs and

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2013

as a result forecasting further gift aid payments to the Trust in the forthcoming financial year

a. RESERVES POLICY

The trustees have established that the level of unrestricted general reserves (that is those funds that are freely available and does not include the designated land and buildings reserve) are held to cover the following

- The continuing need to maintain the fabric and plant licensed by the trading subsidiary
- To cover the need to finance the evolution of the facility to create new and innovative income streams
- To provide a buffer against a slump in the economic market place resulting in a dramatic fall in the market value of the investments
- To provide for a contingency for the trading subsidiary should it become necessary

The trustees consider that a target sum of £1,500,000 would be sufficient for these purposes. As at 31 May 2013 this designated unrestricted investment reserve was £1,116,617 (2012 £954,086) in addition to the operational general reserves of £47,927 (2012 £NIL). The trustees plan to build up the unrestricted general reserves to the target sum over a number of years whilst maintaining operational general reserves.

b. MATERIAL INVESTMENTS POLICY

In the past the trustees reviewed the investment policy of the Trust and originally placed £800,000 under the management of specialist investment advisers. The trustees decided that these funds should be allocated to a designated fund to provide reserves for the replacement and long term maintenance of buildings and equipment. Following this decision, the value of £894,000 of the investment funds at 31 May 1999 were transferred from the Trust's general fund to a new designated fund. Following additions and disposals to this fund and changes in market value, this fund amounted to £1,015,895 as at 31 May 2013 (2012 £890,739).

The Trust's designated reserve is invested in securities managed by Sarasin & Partners LLP, with a portfolio mandate to follow a medium level of risk.

PLANS FOR THE FUTURE

Modern Leisure Facility

One of the trustees' aims is to maintain a modern leisure facility within the trading subsidiary for the benefit of the beneficiaries. The trustees are mindful that the facility must also be operated commercially to create profits to Gift Aid to the charity. To this effect, the trustees and the appointed directors of the trading subsidiary are charged with maintaining the upkeep and evolution of the facility in today's competitive marketplace to retain and attract new beneficiaries and members.

Continued inward investment into the trading subsidiary

The directors of the trading company agree a budget of capital works for the forthcoming year with the trustees at their meeting, these budgets will quantify the plans for the future evolution of the trading company's facility. The trading company is actively looking for new income streams to complement those traditionally obtained, the effect of this activity will protect the trading company's profitability while maintaining the charity's asset.

Ongoing strategic plan

The trustees also review their Strategic Plan on an annual basis, which gives them an opportunity to consider the current business environment, including strengths and weaknesses and opportunities and threats.

Management of Investment portfolio

The investment portfolio is managed by Sarasin & Partners LLP. The Fund Manager attends one trustees' meeting each year to discuss how the portfolio has performed and propose the direction of the investment for the future.

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2013**

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of China Fleet Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation

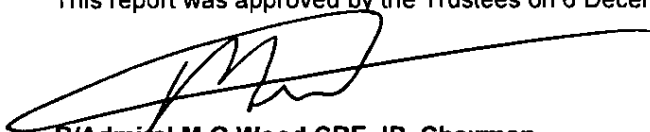
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information

This report was approved by the Trustees on 6 December 2013 and signed on their behalf by



R/Admiral M G Wood CBE JP, Chairman
Trustee

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FLEET TRUST

We have audited the financial statements of China Fleet Trust for the year ended 31 May 2013 set out on pages 9 to 26. 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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.

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. 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 group's and the parent charitable company's affairs as at 31 May 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FLEET TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Charles Thomson FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants
Statutory Auditors

Cobourg House
Mayflower Street
Plymouth
PL1 1LG
6 December 2013

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MAY 2013

	Note	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
INCOMING RESOURCES				
Incoming resources from generated funds				
Activities for generating funds				
China Fleet Country Club Limited	2	3,369,093	3,369,093	3,355,895
Investment income	3	30,739	30,739	23,802
Incoming resources from charitable activities	4	328,967	328,967	414,005
TOTAL INCOMING RESOURCES		3,728,799	3,728,799	3,793,702
RESOURCES EXPENDED				
Costs of generating funds				
China Fleet Country Club Limited	2	3,236,032	3,236,032	3,244,632
Charitable activities	6	357,875	357,875	563,161
Governance costs	5	7,000	7,000	9,000
TOTAL RESOURCES EXPENDED	7	3,600,907	3,600,907	3,816,793
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE INVESTMENT ASSET DISPOSALS		127,892	127,892	(23,091)
Gains and losses on disposals of investment assets	13	36,554	36,554	(1,190)
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		164,446	164,446	(24,281)
Gains and losses on revaluations of investment assets	13	149,064	149,064	(100,554)
NET MOVEMENT IN FUNDS FOR THE YEAR		313,510	313,510	(124,835)
Total funds at 1 June 2012		7,515,964	7,515,964	7,640,799
TOTAL FUNDS AT 31 MAY 2013		7,829,474	7,829,474	7,515,964

All activities relate to continuing operations

The notes on pages 14 to 26 form part of these financial statements

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MAY 2013

	Note	Unrestricted funds 2013 £	Total funds 2012 £
TOTAL INCOME		3,728,799	3,793,702
LESS: TOTAL EXPENDITURE		3,600,907	3,816,793
Net income/(expenditure) for the year before investment asset disposals		127,892	(23,091)
Gain/(loss) on disposal of investment assets	18	36,554	(1,190)
NET INCOME / (EXPENDITURE) FOR THE YEAR	18	164,446	(24,281)

The notes on pages 14 to 26 form part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MAY 2013

	Note	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
NET INCOME / (EXPENDITURE) FOR THE YEAR	18	164,446	164,446	(24,281)
Gains and losses on revaluations of investment assets		149,064	149,064	(100,554)
TOTAL GAINS AND LOSSES RECOGNISED SINCE 1 JUNE 2012	18	313,510	313,510	(124,835)

There is no difference between the expenditure on ordinary activities for the year stated above and its historical cost equivalent

The notes on pages 14 to 26 form part of these financial statements

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER 07100967

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	12		6,859,487		6,837,212
Investments	13		1,079,240		954,084
			7,938,727		7,791,296
CURRENT ASSETS					
Stocks	14	110,677		106,189	
Debtors	15	98,325		112,151	
Cash at bank and in hand		360,879		168,548	
		569,881		386,888	
CREDITORS amounts falling due within one year	16	(666,516)		(662,220)	
NET CURRENT LIABILITIES			(96,635)		(275,332)
TOTAL ASSETS LESS CURRENT LIABILITIES			7,842,092		7,515,964
CREDITORS amounts falling due after more than one year	17		(12,618)		-
NET ASSETS			7,829,474		7,515,964
CHARITY FUNDS					
Unrestricted funds	18		7,829,474		7,515,964
TOTAL FUNDS			7,829,474		7,515,964

The financial statements were approved by the Trustees on 6 December 2013 and signed on their behalf, by


R/Admiral M G Wood CBE JP, Chairman

The notes on pages 14 to 26 form part of these financial statements

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER 07100967

COMPANY BALANCE SHEET
AS AT 31 MAY 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	12		6,859,487		6,837,212
Investments	13		1,079,242		954,086
			<u>7,938,729</u>		<u>7,791,298</u>
CURRENT ASSETS					
Debtors	15	73,061		35,248	
Cash at bank and in hand		223,752		41,987	
		<u>296,813</u>		<u>77,235</u>	
CREDITORS , amounts falling due within one year	16	(268,615)		(227,735)	
NET CURRENT ASSETS/(LIABILITIES)			<u>28,198</u>		<u>(150,500)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,966,927</u>		<u>7,640,798</u>
CREDITORS : amounts falling due after more than one year	17		(12,618)		-
NET ASSETS			<u>7,954,309</u>		<u>7,640,798</u>
CHARITY FUNDS					
General fund	18		172,762		124,835
Designated funds	18		7,781,547		7,515,963
TOTAL FUNDS			<u>7,954,309</u>		<u>7,640,798</u>

The financial statements were approved by the Trustees on 6 December 2013 and signed on their behalf, by


R/Admiral M G Wood CBE JP, Chairman

The notes on pages 14 to 26 form part of these financial statements

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	20	139,960	176,235
Returns on investments and servicing of finance	21	25,399	22,770
Capital expenditure and financial investment	21	10,305	(112,635)
CASH INFLOW BEFORE FINANCING		175,664	86,370
Financing	21	16,667	(100,000)
INCREASE/(DECREASE) IN CASH IN THE YEAR		192,331	(13,630)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MAY 2013

	2013 £	2012 £
Increase/(Decrease) in cash in the year	192,331	(13,630)
Cash outflow from decrease in debt and lease financing	(16,667)	100,000
MOVEMENT IN NET FUNDS IN THE YEAR	175,664	86,370
Net funds at 1 June 2012	168,548	82,178
NET FUNDS AT 31 MAY 2013	344,212	168,548

The notes on pages 14 to 26 form part of these financial statements

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

1. ACCOUNTING POLICIES (continued)

1.5 RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

All resources expended are inclusive of irrecoverable VAT.

1.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of China Fleet Trust and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £164,446 (2012: £(24,281)).

1.7 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Held at market value
Motor vehicles	-	20% straight line
Fixtures and fittings	-	15% - 33% straight line
Timeshares	-	2% straight line/over the term of the ownership

1.9 INVESTMENTS

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

(i) Associated undertakings

Investments in associates are stated at the amount of the company's share of net assets. The Statement of financial activities includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

**CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

1. ACCOUNTING POLICIES (continued)

1.10 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.11 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.12 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.13 TAXATION

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.14 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

2 TRADING ACTIVITIES

	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
CHARITY TRADING INCOME			
China Fleet Country Club Limited	3,564,078	3,564,078	3,611,975
Recharge to China Fleet Trust	(194,985)	(194,985)	(256,080)
	<u>3,369,093</u>	<u>3,369,093</u>	<u>3,355,895</u>
FUNDRAISING TRADING EXPENSES			
China Fleet Country Club Limited	3,236,032	3,236,032	3,244,632
Net income from trading activities	<u>133,061</u>	<u>133,061</u>	<u>111,263</u>

3. INVESTMENT INCOME

	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Investment income	<u>30,739</u>	<u>30,739</u>	<u>23,802</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Direct charitable income from beneficiaries	<u>328,967</u>	<u>328,967</u>	<u>414,005</u>

5 GOVERNANCE COSTS

	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Governance Auditors' remuneration	4,000	4,000	4,000
Governance Auditors' non audit costs	2,000	2,000	3,000
Governance other costs	1,000	1,000	2,000
	<u>7,000</u>	<u>7,000</u>	<u>9,000</u>

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

6. DIRECT COSTS

	Basis of Allocation	Direct charitable in £	Total 2013 £	Total 2012 £
Raw materials and consumables		32,182	32,182	39,992
Other operating charges		117,569	117,569	222,000
Wages and salaries		158,800	158,800	193,000
Depreciation		49,324	49,324	107,154
		<u>357,875</u>	<u>357,875</u>	<u>562,146</u>

7 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Fundraising expenses	1,638,040	-	1,597,992	3,236,032	3,244,632
COSTS OF GENERATING FUNDS	1,638,040	-	1,597,992	3,236,032	3,244,632
Direct charitable income from beneficiaries	158,800	49,324	149,751	357,875	563,161
Governance	-	-	7,000	7,000	9,000
	<u>1,796,840</u>	<u>49,324</u>	<u>1,754,743</u>	<u>3,600,907</u>	<u>3,816,793</u>

8. TURNOVER

The whole of the turnover is attributable to the operating of the China Fleet Country Club

All turnover arose within the United Kingdom

9 NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the charitable group	49,325	107,154
Auditors' remuneration	<u>4,000</u>	<u>4,000</u>

During the year, no Trustees received any remuneration (2012 £NIL)

During the year, no Trustees received any benefits in kind (2012 £NIL)

12 Trustees received reimbursement of expenses amounting to £531 in the current year, (2012 12 Trustees - £788)

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

10. STAFF COSTS

Staff costs were as follows

	2013	2012
	£	£
Wages and salaries	1,771,689	1,848,911
Other pension costs	25,151	23,139
	<u>1,796,840</u>	<u>1,872,050</u>

The average monthly number of employees during the year was as follows

	2013	2012
	No.	No
Apartments	15	9
Golf	15	17
Leisure	74	72
Food and beverage	53	54
Administration and establishment	36	38
	<u>193</u>	<u>190</u>

No employee received remuneration amounting to more than £60,000 in either year

11. INTEREST PAYABLE

	2013	2012
	£	£
On bank loans and overdrafts	<u>-</u>	<u>1,015</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles, tractors & mowers £	Equipment and furnishings £	Timeshares £	Total £
GROUP					
COST					
At 1 June 2012	6,601,667	143,362	2,407,607	126,865	9,279,501
Additions	-	-	86,533	655	87,188
Disposals	(82)	-	(232)	(19,459)	(19,773)
At 31 May 2013	6,601,585	143,362	2,493,908	108,061	9,346,916
DEPRECIATION					
At 1 June 2012	-	143,362	2,240,860	58,067	2,442,289
Charge for the year	-	-	46,993	2,332	49,325
On disposals	-	-	-	(4,185)	(4,185)
At 31 May 2013	-	143,362	2,287,853	56,214	2,487,429
NET BOOK VALUE					
At 31 May 2013	6,601,585	-	206,055	51,847	6,859,487
At 31 May 2012	6,601,667	-	166,747	68,798	6,837,212
COMPANY					
COST					
At 1 June 2012	6,601,667	143,362	2,407,607	126,865	9,279,501
Additions	-	-	86,533	655	87,188
Disposals	(82)	-	(232)	(19,459)	(19,773)
At 31 May 2013	6,601,585	143,362	2,493,908	108,061	9,346,916
DEPRECIATION					
At 1 June 2012	-	143,362	2,240,860	58,067	2,442,289
Charge for the year	-	-	46,993	2,332	49,325
On disposals	-	-	-	(4,185)	(4,185)
At 31 May 2013	-	143,362	2,287,853	56,214	2,487,429
NET BOOK VALUE					
At 31 May 2013	6,601,585	-	206,055	51,847	6,859,487
At 31 May 2012	6,601,667	-	166,747	68,798	6,837,212

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

13. FIXED ASSET INVESTMENTS

GROUP	Listed securities £	Holiday property bonds £	Total £
MARKET VALUE			
At 1 June 2012	890,739	63,345	954,084
Additions	129,828	-	129,828
Disposals	(153,735)	-	(153,735)
Revaluations	149,063	-	149,063
At 31 May 2013	<u>1,015,895</u>	<u>63,345</u>	<u>1,079,240</u>

GROUP MATERIAL INVESTMENTS

	31 May 2013 £	31 May 2012 £
Sarasin Agrisar - IP inc	77,737	75,140
sarasin IE Emerging markets - Systematic	76,939	67,732
	<u>154,676</u>	<u>142,872</u>

COMPANY	Listed securities £	Unlisted securities £	Total £
MARKET VALUE			
At 1 June 2012	890,741	63,345	954,086
Additions	129,828	-	129,828
Disposals	(153,735)	-	(153,735)
Revaluations	149,063	-	149,063
At 31 May 2013	<u>1,015,897</u>	<u>63,345</u>	<u>1,079,242</u>

COMPANY MATERIAL INVESTMENTS

	2013 £	2012 £
Sarasin Agrisar - IP inc	77,737	75,140
Sarasin IE Emerging markets - Systematic	76,939	67,732
	<u>154,676</u>	<u>142,872</u>

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

14 STOCKS

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Raw materials	110,677	106,189	-	-

15. DEBTORS

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	22,144	37,696	-	-
Amounts owed by group undertakings	-	-	73,061	35,248
Other debtors	76,181	74,455	-	-
	98,325	112,151	73,061	35,248

16. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	4,049	-	4,049	-
Trade creditors	183,666	162,372	-	-
Amounts owed to group undertakings	-	-	260,645	216,801
Other taxation and social security	82,278	99,357	593	7,839
Other creditors	393,195	397,396	-	-
Accruals and deferred income	3,328	3,095	3,328	3,095
	666,516	662,220	268,615	227,735

17. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	12,618	-	12,618	-

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Between one and five years	12,618	-	12,618	-

18. STATEMENT OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
DESIGNATED FUNDS						
Designated Funds	914,297	25,399	-	54,648	185,618	1,179,962
Freehold Property	6,601,667	-	-	(82)	-	6,601,585
	7,515,964	25,399	-	54,566	185,618	7,781,547
GENERAL FUNDS						
General Funds	-	3,703,400	(3,600,907)	(54,566)	-	47,927
Total Unrestricted funds	7,515,964	3,728,799	(3,600,907)	-	185,618	7,829,474
Total of funds	7,515,964	3,728,799	(3,600,907)	-	185,618	7,829,474
SUMMARY OF FUNDS						
	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds	7,515,964	25,399	-	54,566	185,618	7,781,547
General funds	-	3,703,400	(3,600,907)	(54,566)	-	47,927
	7,515,964	3,728,799	(3,600,907)	-	185,618	7,829,474

Other Designated funds - represents funds allocated for the replacement and long term maintenance of buildings and equipment, it comprises the investment portfolio, including £100,722 included within cash at bank and the Holiday Property Bond

Freehold Property designated funds represent the Net Book Value of the freehold property

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

19. TRANSFER BETWEEN FUNDS

A transfer between funds of £54,566 was made to reflect the movement in fixed assets during the year

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Net incoming resources before revaluations	164,446	(24,281)
Returns on investments and servicing of finance	(25,399)	(22,770)
Impairment write down on investments	-	8,769
Depreciation of tangible fixed assets	49,325	107,153
Increase in stocks	(4,488)	(7,455)
Decrease/(increase) in debtors	13,825	(8,688)
Increase in creditors	247	49,474
Loss (profit) on disposal of investments	(36,554)	1,190
Loss (profit) on sale of fixed assets	(21,442)	72,843
NET CASH INFLOW FROM OPERATIONS	139,960	176,235

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	-	(1,015)
Dividends received	25,399	23,785
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	25,399	22,770
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(87,188)	(109,780)
Sale of tangible fixed assets	37,031	15,424
Purchase of listed investments	(129,828)	(20,951)
Sale of listed investments	190,290	2,672
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	10,305	(112,635)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £	2012 £
FINANCING		
Repayment of loans	-	(100,000)
New finance lease	16,667	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	16,667	(100,000)

22. ANALYSIS OF CHANGES IN NET DEBT

	1 June 2012 £	Cash flow £	Other non-cash changes £	31 May 2013 £
Cash at bank and in hand	168,548	192,331	-	360,879
DEBT:				
Finance leases	-	(16,667)	-	(16,667)
NET FUNDS	168,548	175,664	-	344,212

23. PENSION COMMITMENTS

The subsidiary company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £18,972 (2012 £23,139). Contributions totalling £3,078 (2012 £2,716) were payable to the fund at the balance sheet date and are included in creditors.

24. OPERATING LEASE COMMITMENTS

At 31 May 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	2012 £	2013 £	Other 2012 £
GROUP				
EXPIRY DATE.				
Within 1 year	-	-	24,108	38,138
Between 2 and 5 years	-	-	108,363	145,671

25. CONTROLLING PARTY

The trust is controlled and governed by the Board of Trustees, as detailed on page 1 of these Financial Statements.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

26. PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding	Description
China Fleet Country Club	100 %	Operating of the China Fleet Country Club

	2013
	£
Net assets/ (liabilities)	(124,832)
Profit for the year ended 31 May 2013	-
	<hr/>
Total	(124,832)
	<hr/>