

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

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**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 2016

Trustees R/Admiral M G Wood CBE, DL, JP, Chairman
Col N Sutherland MBE RM (resigned 27 May 2016)
Major T Smith MBE RM (appointed 27 May 2016)
Mr P W S C Brockman
Warrant Officer 1 P Thomas
Mr R Baldry
Mr T Smith
Mr C Green
Mrs S Adkins
Lieutenant Commander L Johnson RN
Brigadier S P Hill OBE

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 LLP
Chartered Accountants
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Bankers HSBC
Forder House
20 William Prance Road
Plymouth
Devon
PL6 5WR

Solicitors Bond Dickinson
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 2016**

The Trustees present their annual report together with the audited financial statements of for the year 1 June 2015 to 31 May 2016.

CHAIRMANS REPORT

This has been an excellent year for the Charity and the Club as they celebrate their 25th anniversary supporting their beneficiaries. Both continue to perform well and exceed targets with the highest ever recorded revenue which has enabled us to progress our ambitious facility refurbishment programme.

We have also held a number of celebratory events, the highlight being a visit by HRH The Princess Royal which helped raise our profile as well as providing the opportunity to rededicate the facility and reaffirm the Charity's aims and objectives.

We also took the opportunity of our 25th anniversary to commission an external review of our management and governance protocols by a leading firm of Charity legal experts who reported very positively on our *modus operandi* and our checks and controls.

I am also delighted that our beneficiary awareness campaign which, now enters its third year, is showing increasingly positive results with beneficiary usage/revenue continuing to rise.

There are undoubtedly challenges ahead as we enter our next quarter of a century supporting our beneficiaries, particularly in the continuing uncertain political and economic climate. But I believe that we are well placed to face those challenges and remain ready to exploit opportunities as they emerge with the overall aim of taking the Charity and the Club forward and continuing to serve and remain relevant to our beneficiaries. It is noteworthy that our developing relationship with the Royal Navy and Royal Marines Charity (RNRMC) is helping to underpin our aims and has provided invaluable funds to assist with our accommodation upgrades.

The Royal Navy may have reduced in size, however, the demands upon it and, more importantly, its people, have in many instances increased. Therefore the facilities and recreational opportunities we offer to support beneficiaries during their valuable downtime are vital in encouraging retention and enhancing operational capability.

The need for what we do has never been greater.

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 Royal Naval forces, including Reserves, their families and dependants (collectively known as "the beneficiaries"). In 2014 additional beneficiary classes were added to include ex Royal Naval Forces, serving Commissioned Royal Naval Forces and other Forces attached to or embedded within Royal Navy Units and their families 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").

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2016**

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, Reserves and their immediate families and additional specified personnel as outlined in para a.

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.

ACHIEVEMENTS AND PERFORMANCE

a. KEY FINANCIAL PERFORMANCE INDICATORS

The Club's total revenue for year ended 31 May 2016 was £4,373,856 and beneficiary revenue was £967,865 which is 22.13% of all revenue generated. This compares to £808,360 which was 19.32% in 2015 and £205,301 in 2014 when it was 5.39%.

The significant increase in reported beneficiary revenue in 2015 was for the most part due to the widening of the beneficiary pool. The subsequent rise of 3% this FY has been an actual rise in revenue post that policy change.

Given the impacts of widening of the beneficiary pool have now settled the Trust will set a new KPI for future beneficiary revenue.

Over and above that headline KPI for beneficiary revenue, individual departments are set KPIs which are reported upon quarterly to Trustees so that marketing efforts may be directed accordingly.

b. FINANCIAL REVIEW

The Trustees present their report and financial statements for year ended 31 May 2016.

At 31 May 2016 there were 20,759 beneficiaries registered with the Club compared to 18,875 at 31 May 2015.

The consolidated statement of financial activities for the year shows the net movement in funds for the year was a deficit of £44,865 (2015: £343,848) (2014: £166,793).

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 £297,549 (2015: £252,808) (2014: £231,656) transferring all its taxable profits to the charity. The China Fleet Country Club Limited reported no profits (2015: £nil) for the year.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2016**

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 owned a number of allocated timeshare weeks in the UK along with a holding in the Holiday Property Bond (HPB) inherited from the China Fleet Club Hong Kong upon its closure. These holidays became less relevant to beneficiaries over the years and presented a financial and administrative burden. All but 2 weeks of Timeshares have now been disposed of on the open market. Proceeds from surrender and sales of the disposals have been reinvested in Club facilities where there will be a greater benefit to the wider beneficiary community.

Trading Subsidiary (China Fleet Country Club Limited)

The year's financial performance exceeded expectations for the second year running which resulted in increased profits enabling the trading company to make more significant gift aid payments to the Trust which in turn have increased investment in facilities.

Profits have been achieved by increasing business and membership through the continued investment in facilities as well as delivering on and exceeding customer expectations in terms of value and quality. Despite the national economic situation, the significant increase in the National Living Wage and some strong local competition the trading company has seen growth in the majority of areas with significant rise in conferences and events which has a positive impact across a number of departments.

Efforts to cut costs continue with ongoing investment in energy saving initiatives, albeit the greatest expense, staff costs, are largely driven by external factors and have been affected this year by the rise in the National Living Wage both internally and externally with increased costs of supplies and services.

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

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.

**CHINA FLEET TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2016**

b. RESERVES POLICY

The Trustees have established that the level of unrestricted designated 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 considered that a target sum of £1,500,000 would be sufficient for these purposes however following a recent review based on the significant increase in Club turnover they increased this target to achieve a range of £1,500,000 to £2,000,000. As at 31 May 2016 this designated unrestricted investment reserve was £894,996 (2015: £1,500,000) in addition to the unrestricted operational general reserves of £45,981 (2015: £81,054).

c. 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 £1,051,210 as at 31 May 2016 (2015: £1,265,881).

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.

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 be less than four. New Trustees are appointed either by virtue of military appointment or an open recruitment process. 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.

The China Fleet Club Beneficiaries Committee is chaired by a Trustee, Warrant Officer Paul Thomas. Mr Dean Bennett (Company MD) 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" (FRS 102), 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, 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. PAY POLICY FOR SENIOR STAFF

The Trusts only salaried employee, its Chief Executive is appraised annually by the Trust Chairman and another Trustee with recommendations for remuneration made to Trustees for their approval.

Senior Company Staff are also appraised annually and recommendations for their remuneration are also presented to Trustees for their approval within the annual budget.

d. 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 instructed Charles Russell Speechlys to conduct a review on the adequacy of the charity's current internal controls and as a result 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.

**CHINA FLEET TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2016**

PLANS FOR FUTURE PERIODS

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.

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.

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

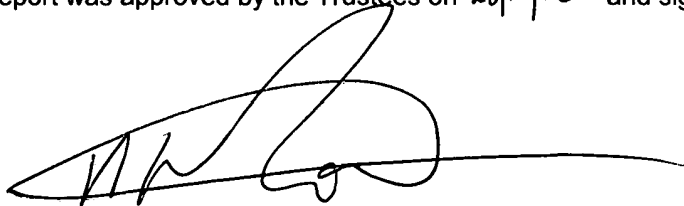
**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2016**

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 28/10/16 and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'M G Wood', with a long horizontal line extending to the right.

R/Admiral M G Wood CBE, DL, JP, Chairman

**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 2016 set out on pages 11 to 29. 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 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 group's and the parent charitable company's affairs as at 31 May 2016 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, incorporating the Group strategic 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 LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date: *28 October 2016*

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MAY 2016**

		Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
	Note				
INCOME FROM:					
Donations and capital grants	2	250	-	250	100,000
Other trading activities		3,407,024	-	3,407,024	3,376,049
Investments	3	38,050	-	38,050	45,043
Charitable activities	4	970,327	-	970,327	812,535
TOTAL INCOME		4,415,651	-	4,415,651	4,333,627
EXPENDITURE ON:					
Raising funds		3,010,028	-	3,010,028	3,023,816
Charitable activities		1,279,896	9,791	1,289,687	1,052,703
TOTAL EXPENDITURE	7	4,289,924	9,791	4,299,715	4,076,519
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)					
Net gains/(losses) on investments	12	125,727 (160,801)	(9,791) -	115,936 (160,801)	257,108 86,740
NET INCOME / (EXPENDITURE) AND MOVEMENT IN FUNDS		(35,074)	(9,791)	(44,865)	343,848
RECONCILIATION OF FUNDS:					
Total funds brought forward		8,197,173	142,942	8,340,115	7,996,267
TOTAL FUNDS CARRIED FORWARD		8,162,099	133,151	8,295,250	8,340,115

All activities relate to continuing operations.

The notes on pages 15 to 29 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	11		8,090,454		7,922,422
Investments	12		1,051,210		1,265,881
			<u>9,141,664</u>		<u>9,188,303</u>
CURRENT ASSETS					
Stocks	13	95,779		104,646	
Debtors	14	189,390		171,095	
Cash at bank and in hand		173,611		267,552	
		<u>458,780</u>		<u>543,293</u>	
CREDITORS: amounts falling due within one year	15	(933,886)		(947,886)	
NET CURRENT LIABILITIES			<u>(475,106)</u>		<u>(404,593)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,666,558</u>		<u>8,783,710</u>
CREDITORS: amounts falling due after more than one year	16		<u>(371,308)</u>		<u>(443,595)</u>
NET ASSETS			<u>8,295,250</u>		<u>8,340,115</u>
CHARITY FUNDS					
Restricted funds	18		133,151		142,942
Unrestricted funds	18		8,162,099		8,197,173
TOTAL FUNDS			<u>8,295,250</u>		<u>8,340,115</u>

The financial statements were approved by the Trustees on 28/10/16 and signed on their behalf, by:



R/Admiral M G Wood CBE, DL, JP, Chairman

The notes on pages 15 to 29 form part of these financial statements.

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

COMPANY BALANCE SHEET
AS AT 31 MAY 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	11		8,090,454		7,922,422
Investments	12		1,052,210		1,266,881
			9,142,664		9,189,303
CURRENT ASSETS					
Debtors	14	30,420		23,761	
Cash at bank and in hand		83,244		50,671	
		113,664		74,432	
CREDITORS: amounts falling due within one year	15	(613,935)		(504,190)	
NET CURRENT LIABILITIES			(500,271)		(429,758)
TOTAL ASSETS LESS CURRENT LIABILITIES			8,642,393		8,759,545
CREDITORS: amounts falling due after more than one year	16		(371,308)		(443,595)
NET ASSETS			8,271,085		8,315,950
CHARITY FUNDS					
Restricted funds	18		133,151		142,942
Unrestricted funds	18		8,137,934		8,173,008
TOTAL FUNDS			8,271,085		8,315,950

The financial statements were approved by the Trustees on 28/05/16 and signed on their behalf, by:



R/Admiral M G Wood CBE, DL, JP, Chairman

The notes on pages 15 to 29 form part of these financial statements.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>215,527</u>	<u>422,973</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		38,050	44,452
Proceeds from the sale of property, plant and equipment		-	7,030
Purchase of property, plant and equipment		(327,242)	(605,131)
Proceeds from sale of investments		99,668	50,401
Purchase of investments		(47,272)	(31,280)
Net cash used in investing activities		<u>(236,796)</u>	<u>(534,528)</u>
Cash flows from financing activities:			
Repayments of borrowings		(72,673)	(53,348)
Net cash used in financing activities		<u>(72,673)</u>	<u>(53,348)</u>
Change in cash and cash equivalents in the year	21	<u>(93,942)</u>	<u>(164,903)</u>
Cash and cash equivalents brought forward		<u>267,552</u>	<u>432,455</u>
Cash and cash equivalents carried forward	21	<u><u>173,610</u></u>	<u><u>267,552</u></u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

China Fleet Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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.

1.2 CHARITY STATUS

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

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 charity 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 INCOME

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

All resources expended are inclusive of irrecoverable VAT.

1.6 GOING CONCERN

The accounts have been prepared on the going concern basis. The group and charity has net liabilities at the year end. This is due to amounts owed to the trading subsidiary. This is an intergroup debt used as working capital within the group and the Trustees consider the charity is a going concern for this reason.

1.7 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.8 BASIS OF CONSOLIDATION

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

The charity 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 charity was £252,684 (2015: £257,123).

1.9 TURNOVER

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

1. ACCOUNTING POLICIES (continued)

1.10 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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	-	Building element: 4% straight line
Motor vehicles, tractors & mowers	-	20% straight line
Equipment and furnishings	-	15% - 33% straight line
Timeshares	-	2% straight line/over the term of the ownership

1.11 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Associated undertakings

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

1.12 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.

1.13 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.

1.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

1. ACCOUNTING POLICIES (continued)

1.15 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.

1.16 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.17 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.18 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.19 PENSIONS

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

1.20 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.21 FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

1.22 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Management do not consider there to be estimates or assumptions that pose a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	250	-	250	-
Grants	-	-	-	100,000
	<u>250</u>	<u>-</u>	<u>250</u>	<u>100,000</u>
Total donations and legacies	<u>250</u>	<u>-</u>	<u>250</u>	<u>100,000</u>

In 2015, of the total income from donations and legacies, all were restricted funds.

3. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	38,050	-	38,050	45,043
	<u>38,050</u>	<u>-</u>	<u>38,050</u>	<u>45,043</u>

In 2015, of the total investment income, all were unrestricted funds.

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Direct charitable income from beneficiaries	970,327	-	970,327	812,535
	<u>970,327</u>	<u>-</u>	<u>970,327</u>	<u>812,535</u>

In 2015, of the total income from charitable activities, all were unrestricted funds.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

5. GOVERNANCE COSTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Governance Auditors' remuneration	3,250	-	3,250	3,500
Governance Auditors' non audit costs	4,040	-	4,040	3,000
Governance other costs	7,824	-	7,824	7,168
	<u>15,114</u>	<u>-</u>	<u>15,114</u>	<u>13,668</u>

6. DIRECT COSTS

	Total 2016 £	As restated Total 2015 £
Raw materials and consumables	16,655	26,764
Other operating charges	571,842	414,249
Wages and salaries	526,865	477,559
Depreciation	159,211	120,463
	<u>1,274,573</u>	<u>1,039,035</u>

7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2016 £	Depreciation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	1,532,022	-	1,478,006	3,010,028	3,023,816
COSTS OF GENERATING FUNDS	<u>1,532,022</u>	<u>-</u>	<u>1,478,006</u>	<u>3,010,028</u>	<u>3,023,816</u>
Direct charitable income from beneficiaries	526,865	159,211	588,497	1,274,573	1,039,035
Expenditure on governance	-	-	15,114	15,114	13,668
	<u>2,058,887</u>	<u>159,211</u>	<u>2,081,617</u>	<u>4,299,715</u>	<u>4,076,519</u>

8. TURNOVER

The whole of turnover arose within the United Kingdom.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	159,211	120,462
Auditors' remuneration	3,250	3,500
Auditors' remuneration - non-audit	4,040	3,000
	<u>166,501</u>	<u>126,962</u>

During the year, no Trustees received any remuneration (2015: £NIL).

During the year, no Trustees received any benefits in kind (2015: £NIL).

2 Trustees received reimbursement of expenses amounting to £594 in the current year, (2015: 2 Trustees - £870).

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,032,691	1,987,145
Other pension costs	26,196	26,202
	<u>2,058,887</u>	<u>2,013,347</u>

The average number of persons employed by the company during the year was as follows:

	2016 No.	2015 No.
Apartments	23	21
Golf	17	16
Leisure	78	79
Food and beverage	54	54
Administration and establishment	40	31
	<u>212</u>	<u>201</u>

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

All Trustees and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the charity are considered to be key management personnel. Total remuneration including employers national insurance and pension contributions in respect of these individuals is £253,564 (2015: £246,055). Trustees receive no remuneration for their role other than for expenses as detailed in note 9 and all remuneration reported relates to employees of the charity.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

11. TANGIBLE FIXED ASSETS

GROUP	Freehold property £	Motor vehicles, tractors & mowers £	Equipment and furnishings £	Timeshares £	Total £
COST					
At 1 June 2015	7,608,116	143,362	2,789,197	21,210	10,561,885
Additions	217,356	-	109,887	-	327,243
At 31 May 2016	7,825,472	143,362	2,899,084	21,210	10,889,128
DEPRECIATION					
At 1 June 2015	30,886	143,362	2,454,269	10,946	2,639,463
Charge for the year	47,948	-	110,924	339	159,211
At 31 May 2016	78,834	143,362	2,565,193	11,285	2,798,674
NET BOOK VALUE					
At 31 May 2016	7,746,638	-	333,891	9,925	8,090,454
At 31 May 2015	7,577,230	-	334,928	10,264	7,922,422

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

GROUP	2016 £	2015 £
Furniture, fittings and equipment	6,667	9,167

COMPANY	Freehold property £	Motor vehicles, tractors & mowers £	Equipment and furnishings £	Timeshares £	Total £
COST					
At 1 June 2015	7,608,116	143,362	2,789,197	21,210	10,561,885
Additions	217,356	-	109,887	-	327,243
At 31 May 2016	7,825,472	143,362	2,899,084	21,210	10,889,128
DEPRECIATION					
At 1 June 2015	30,886	143,362	2,454,269	10,946	2,639,463
Charge for the year	47,948	-	110,924	339	159,211
At 31 May 2016	78,834	143,362	2,565,193	11,285	2,798,674
NET BOOK VALUE					
At 31 May 2016	7,746,638	-	333,891	9,925	8,090,454
At 31 May 2015	7,577,230	-	334,928	10,264	7,922,422

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

11. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
COMPANY		
Furniture, fittings and equipment	6,667	9,167

12. FIXED ASSET INVESTMENTS

	Listed securities £
GROUP	
MARKET VALUE	
At 1 June 2015	1,265,881
Additions	47,272
Disposals	(99,671)
Revaluations	(162,272)
At 31 May 2016	1,051,210

	Listed securities £	Investments in participating interests £	Total £
COMPANY			
MARKET VALUE			
At 1 June 2015	1,265,881	1,000	1,266,881
Additions	47,272	-	47,272
Disposals	(99,671)	-	(99,671)
Revaluations	(162,272)	-	(162,272)
At 31 May 2016	1,051,210	1,000	1,052,210

13. STOCKS

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Raw materials	7,037	5,882	-	-
Finished goods and goods for resale	88,742	98,764	-	-
	<u>95,779</u>	<u>104,646</u>	<u>-</u>	<u>-</u>

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

14. DEBTORS

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	38,386	31,251	-	-
Other debtors	151,004	139,844	30,420	23,761
	189,390	171,095	30,420	23,761

15. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2016	As restated 2015	2016	As restated 2015
	£	£	£	£
Bank loans and overdrafts	68,505	68,505	68,505	68,505
Net obligations under finance leases and hire purchase contracts	3,782	4,167	3,782	4,167
Trade creditors	259,431	278,627	757	709
Amounts owed to group undertakings	-	-	537,353	427,261
Other taxation and social security	105,547	106,577	-	-
Other creditors	48,824	55,013	-	-
Accruals and deferred income	447,797	434,997	3,538	3,548
	933,886	947,886	613,935	504,190

	GROUP		COMPANY	
	£	£	£	£
DEFERRED INCOME				
Deferred income at 1 June 2015	303,978	256,953	-	-
Resources deferred during the year	315,495	303,978	-	-
Amounts released from previous years	(303,978)	(256,953)	-	-
Deferred income at 31 May 2016	315,495	303,978	-	-
Deferred income relates to memberships and events paid for in advance.				

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

16. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	371,308	439,813	371,308	439,813
Net obligations under finance leases and hire purchase contracts	-	3,782	-	3,782
	371,308	443,595	371,308	443,595

Creditors include amounts not wholly repayable within 5 years as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Repayable by instalments	199,788	157,150	199,788	157,150

The balance above is made up of two loans. Loan one is repayable over 48 months from drawdown at a rate of 2.45% per annum over the Bank of England Base Rate. Loan two is repayable over 132 months from drawdown at a rate 2.45% per annum over the Bank of England Base Rate. The loans are secured against the charity's freehold property.

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Between one and five years	-	3,782	-	3,782

17. PRIOR YEAR ADJUSTMENT

The following items were reclassified in the prior year. £101,910 of income and £101,910 of expenditure have been reclassified from trading activities to charitable activities, this has arisen due to income and expenditure relating to charity activities being incorrectly classified in the prior year. There has been no change to surplus as a result.

Other creditors of £306,344 have been reclassified as accruals and deferred income in the prior year, this has arisen due to deferred income being incorrectly classified in the prior year. There has been no change to surplus as a result.

The prior year Designated Funds have been restated. The overall Designated Funds have not changed, it is the mix within that has had to be corrected as an opening balance this year. This was due to the Designated Fund for Freehold property being understated last year and thus there had to be an adjustment to increase Freehold Property brought forward and reduce Designated Funds accordingly. This has therefore reduced the £1.5m originally shown within Designated Funds.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

18. STATEMENT OF FUNDS

	Brought Forward (as restated) £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Designated Funds	969,706	38,050	-	47,990	(160,801)	894,945
Freehold Property	7,146,412	-	(61,472)	136,233	-	7,221,173
	<u>8,116,118</u>	<u>38,050</u>	<u>(61,472)</u>	<u>184,223</u>	<u>(160,801)</u>	<u>8,116,118</u>
GENERAL FUNDS						
General Funds	81,055	4,377,601	(4,228,452)	(184,223)	-	45,981
Total Unrestricted funds	<u>8,197,173</u>	<u>4,415,651</u>	<u>(4,289,924)</u>	<u>-</u>	<u>(160,801)</u>	<u>8,162,099</u>
RESTRICTED FUNDS						
LIBOR Grant	46,952	-	(3,264)	-	-	43,688
RNRMC Grant	95,990	-	(6,527)	-	-	89,463
	<u>142,942</u>	<u>-</u>	<u>(9,791)</u>	<u>-</u>	<u>-</u>	<u>133,151</u>
Total of funds	<u>8,340,115</u>	<u>4,415,651</u>	<u>(4,299,715)</u>	<u>-</u>	<u>(160,801)</u>	<u>8,295,250</u>
SUMMARY OF FUNDS						
	Brought Forward (as restated) £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	8,116,118	38,050	(61,472)	184,223	(160,801)	8,116,118
General funds	81,055	4,377,601	(4,228,452)	(184,223)	-	45,981
	<u>8,197,173</u>	<u>4,415,651</u>	<u>(4,289,924)</u>	<u>-</u>	<u>(160,801)</u>	<u>8,162,099</u>
Restricted funds	142,942	-	(9,791)	-	-	133,151
	<u>8,340,115</u>	<u>4,415,651</u>	<u>(4,299,715)</u>	<u>-</u>	<u>(160,801)</u>	<u>8,295,250</u>

Other Designated funds - represents funds allocated for the replacement and long term maintenance of buildings and equipment, it comprises of the investment portfolio. The transfer in the year represents the funds spent on fixed assets.

Freehold Property designated funds represent the Net Book Value of the freehold property less a loan of £392,313 secured against the assets.

Restricted fund - represents LIBOR grant income that is to be used in the refurbishment of apartment blocks and RNRMC grant income that is to be used in the refurbishment of the changing rooms.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	7,957,303	133,151	8,090,454	7,922,422
Fixed asset investments	1,051,210	-	1,051,210	1,265,881
Current assets	458,780	-	458,780	543,293
Creditors due within one year	(933,886)	-	(933,886)	(947,886)
Creditors due in more than one year	(371,308)	-	(371,308)	(443,595)
	<u>8,162,099</u>	<u>133,151</u>	<u>8,295,250</u>	<u>8,340,115</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(44,865)	343,848
Adjustment for:		
Depreciation charges	159,211	120,462
Gains/(losses) on investments	162,272	(86,740)
Dividends, interest and rents from investments	(38,050)	(44,452)
Loss on the sale of fixed assets	-	10,100
Decrease/(increase) in stocks	8,867	(2,425)
Increase in debtors	(18,294)	(60,533)
(Decrease)/increase in creditors	(13,614)	142,713
Net cash provided by operating activities	<u>215,527</u>	<u>422,973</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	173,610	267,552
Total	<u>173,610</u>	<u>267,552</u>

22. CONTINGENT ASSET

At the year end there is an ongoing legal case relating to VAT paid on non-members green fees where it is probable that the Charity will receive an inflow of economic benefit. At this time the financial effect cannot be reliably estimated.

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 £26,196 (2015:

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

23. PENSION COMMITMENTS (continued)

£26,202). Contributions totalling £4,257 (2015: £4,410) were payable to the fund at the balance sheet date and are included in creditors.

24. OPERATING LEASE COMMITMENTS

At 31 May 2016 the total of the group's future minimum lease payments under non-cancellable operating leases was:

GROUP	2016	2015
	£	£
AMOUNTS PAYABLE:		
Within 1 year	123,387	162,573
Between 1 and 5 years	182,650	228,582
After more than 5 years	-	2,252
Total	306,037	393,407

25. RELATED PARTY TRANSACTIONS

The charity has one 100% owned subsidiary as included in note 26.

As these subsidiaries are wholly owned by the China Fleet Trust, the charity has taken advantage of the exemption contained in FRS 102 Section 33.1A not to disclose transactions or balances with entities which form part of a group.

26. 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 2016

27. PRINCIPAL SUBSIDIARIES

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

	2015
	£
Net assets/ (liabilities)	25,165
Profit for the year ended 31 May 2016	-
Total	25,165

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the company has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 May 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 June 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.