

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 2017

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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 2017**

Trustees	R/Admiral M G Wood CBE, DL, JP, Chairman Major T Smith MBE RM Mr P W S C Brockman (resigned 27 February 2017) Warrant Officer 1 P Thomas (resigned 28 October 2016) Mr R Baldry Mr T Smith Mr C Green Mrs S Adkins Lieutenant Commander L Johnson RN Brigadier S P Hill OBE Mr A Camp (appointed 1 January 2017) Mr I Douglas (appointed 1 January 2017) Warrant Officer 1 D Halliday RM (appointed 28 October 2016) CPO R Lowe RNR (appointed 28 October 2016)
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 2017**

The Trustees present their annual report together with the audited financial statements of The China Fleet Trust for the 1 June 2016 to 31 May 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

CHAIRMANS REPORT

The last year which included the latter part of our 25th anniversary year celebrations was another successful year for the Trust and Club as we continue to build on 3 years of positive growth whilst maintaining our ambitious investment programme in current facilities and reducing expenditure wherever possible.

We have also continued to critically analyse and adapt our protocols and policies in our determination to meet our obligations in delivering and sustaining strong governance whilst exercising due diligence in all new practices and work-strands.

I am delighted that we have welcomed a number of newly selected Trustees with relevant business and financial management experience and extensive skillsets that will add great value to the Trust Board. We have also appointed 2 Trustees as NEDs to the Company Board which also strengthens our ability to deliver on strong governance by giving an oversight of the trading arm as well as providing additional expertise to that Board.

We continue to look at ways to develop and improve our offering in our overarching aim of maintaining relevance to our beneficiaries. The all year round price fixed discounted accommodation rates is just one example that has proved successful in attracting many new beneficiaries to the Club, families attending passing our parades at HMS Raleigh being a case in point. Our strategic partnership agreements with local RN&RM Commands has helped cement this into a longer term arrangement that will withstand changes of personalities in key positions both internally and externally.

The Trust continues to develop its relationship with other service charities and its membership of the Confederation of Service Charities (Cobseo) has helped in this regard. The collaborative relationship with the Royal Navy & Royal Marines Charity (RNRMC), who share the same beneficiary pool, continues to bear fruit and we were awarded another grant of £50,000 toward our apartment refurbishment programme which has helped us to maintain the momentum of upgrading our current facilities which will now complete next year.

Our beneficiary awareness campaign and beneficiary marketing remain key in moving the Charity and Club forward and although this has now become part of our routine business, it maintains a high priority to ensure we sustain the necessary momentum in this critical area.

The current political and economic climate has and is expected to continue to present challenges for the Trust and Club, however I remain convinced that given the level of investment in facilities over the last few years, coupled with an energetic, talented and pragmatic management team, we are well placed to meet such challenges head on.

OBJECTIVES AND ACTIVITIES

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"). Additional beneficiary classes 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 2017**

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

KEY FINANCIAL PERFORMANCE INDICATORS

The Club's total revenue for year ended 31 May 2017 was £4,521,591 and beneficiary revenue was £1,008,084 which is 22.30% of all revenue generated. This compares to £967,865 (21.92%) in 2016 and £808,360 (19.32%) in 2015.

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.

FINANCIAL REVIEW

The Trustees present their report and financial statements for year ended 31 May 2017.

At 31 May 2017 there were 22,194 beneficiaries registered with the Club compared to 20,759 at 31 May 2016 and 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 surplus of £784,702 (2016: £44,865 deficit) (2015: £343,848).

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 £811,888 (2016: £297,549) (2015: £252,808) transferring all its taxable profits to the Charity. The China Fleet Country Club Limited reported no profits (2016: £nil) for the year.

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.

Trading Subsidiary (China Fleet Country Club Limited)

The year's financial performance has been strong which has resulted in healthy profits enabling the trading company to make more significant gift aid payments to the Trust which in turn have increased investment in

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2017**

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

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.

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 2017 this designated unrestricted investment reserve was £1,346,760 (2016: £894,996) in addition to the unrestricted operational general reserves of £56,404 (2016: £45,981).

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 £1,448,795 as at 31 May 2017 (2016: £1,051,210).

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.

**CHINA FLEET TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2017**

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 David Halliday RM. 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.

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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2017**

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 Governance & Remuneration Committee for their approval within the annual budget.

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 identified in the Trust Risk Register. 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.

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2017**

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.

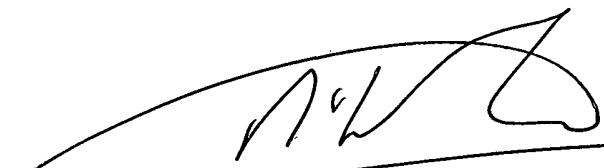
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial 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 have report and to establish that the charitable group's auditors are aware of that information.

This report was approved by the Trustees, on 20/10/17 and signed on their behalf by:


A large, stylized handwritten signature in black ink, appearing to read 'M G Wood', is written over a horizontal line.

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 2017 set out on pages 10 to 31. 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 charitable company's affairs as at 31 May 2017 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, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

**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

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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.



Pamela Tuckett FCA DChA (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: 20/11/17

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MAY 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:					
Donations and legacies	2	-	50,000	50,000	250
Charitable activities	4	1,010,865	-	1,010,865	970,327
Other trading activities		3,517,477	-	3,517,477	3,407,024
Investments	3	38,804	-	38,804	38,050
TOTAL INCOME		4,567,146	50,000	4,617,146	4,415,651
EXPENDITURE ON:					
Raising funds		2,605,756	-	2,605,756	3,010,028
Charitable activities	5	1,366,523	9,792	1,376,315	1,289,687
TOTAL EXPENDITURE	7	3,972,279	9,792	3,982,071	4,299,715
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)		594,867	40,208	635,075	115,936
Net gains/(losses) on investments	12	259,685	-	259,685	(160,801)
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		854,552	40,208	894,760	(44,865)
NET MOVEMENT IN FUNDS		854,552	40,208	894,760	(44,865)
RECONCILIATION OF FUNDS:					
Total funds brought forward		8,162,099	133,151	8,295,250	8,340,115
TOTAL FUNDS CARRIED FORWARD		9,016,651	173,359	9,190,010	8,295,250

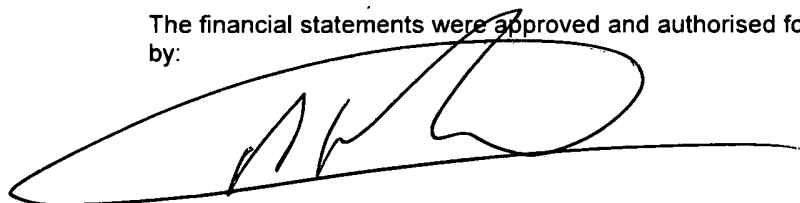
The notes on pages 14 to 31 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	11		8,416,938		8,090,454
Investments	12		1,448,795		1,051,210
			9,865,733		9,141,664
CURRENT ASSETS					
Stocks	13	99,961		95,779	
Debtors	14	183,668		189,390	
Cash at bank and in hand		358,565		173,611	
		642,194		458,780	
CREDITORS: amounts falling due within one year	15	(1,001,169)		(933,886)	
NET CURRENT LIABILITIES			(358,975)		(475,106)
TOTAL ASSETS LESS CURRENT LIABILITIES			9,506,758		8,666,558
CREDITORS: amounts falling due after more than one year	16		(316,748)		(371,308)
NET ASSETS			9,190,010		8,295,250
CHARITY FUNDS					
Restricted funds	17		173,359		133,151
Unrestricted funds	17		9,016,651		8,162,099
TOTAL FUNDS			9,190,010		8,295,250

The financial statements were approved and authorised for issue by the Trustees on ^{20/10/17} and signed on their behalf, by:



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

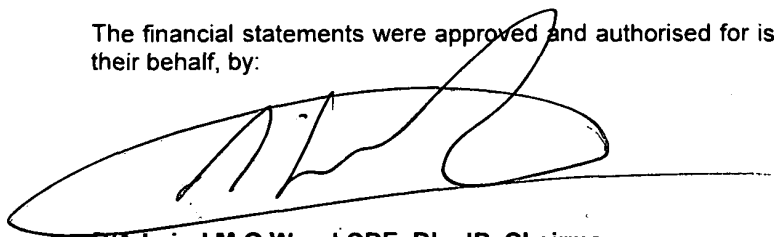
The notes on pages 14 to 31 form part of these financial statements.

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

COMPANY BALANCE SHEET
AS AT 31 MAY 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	11		8,416,938		8,090,454
Investments	12		1,448,795		1,051,210
Investments in associates	12		1,000		1,000
			<u>9,866,733</u>		<u>9,142,664</u>
CURRENT ASSETS					
Debtors	14	32,142		30,420	
Cash at bank and in hand		<u>112,486</u>		<u>83,244</u>	
		144,628		113,664	
CREDITORS: amounts falling due within one year	15	<u>(528,768)</u>		<u>(613,935)</u>	
NET CURRENT LIABILITIES			<u>(384,140)</u>		<u>(500,271)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,482,593</u>		<u>8,642,393</u>
CREDITORS: amounts falling due after more than one year	16		<u>(316,748)</u>		<u>(371,308)</u>
NET ASSETS			<u>9,165,845</u>		<u>8,271,085</u>
CHARITY FUNDS					
Restricted funds			173,359		133,151
Unrestricted funds			<u>8,992,486</u>		<u>8,137,934</u>
TOTAL FUNDS			<u>9,165,845</u>		<u>8,271,085</u>

The financial statements were approved and authorised for issue by the Trustees on 20/10/17 and signed on their behalf, by:



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

The notes on pages 14 to 31 form part of these financial statements.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	868,215	215,527
Cash flows from investing activities:			
Dividends, interest and rents from investments		38,804	38,050
Purchase of tangible fixed assets		(513,483)	(327,242)
Proceeds from sale of investments		115	99,668
Purchase of investments		(138,688)	(47,272)
Net cash used in investing activities		(613,252)	(236,796)
Cash flows from financing activities:			
Repayments of borrowings		(70,008)	(72,673)
Net cash used in financing activities		(70,008)	(72,673)
Change in cash and cash equivalents in the year		184,955	(93,942)
Cash and cash equivalents brought forward		173,610	267,552
Cash and cash equivalents carried forward	20	358,565	173,610

The notes on pages 14 to 31 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 2017

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.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017**

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.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 GOING CONCERN

The accounts have been prepared on the going concern basis. The group and charity has net current liabilities at the year end. This is due to amounts owed to the trading subsidiary and deferred income. There is also a loan due in less than one year that will be repaid out of profits generated during the year. The Trustees consider the charity is a going concern for this reason.

1.7 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 £784,702 (2016: £252,684 loss).

1.8 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.

1.9 TANGIBLE FIXED ASSETS AND DEPRECIATION

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Consolidated statement of financial activities incorporating income and expenditure account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017**

1. ACCOUNTING POLICIES (continued)

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, land not depreciated
Motor vehicles, tractors & mowers	-	20% straight line
Equipment and furnishings	-	15% - 33% straight line
Timeshares	-	2% straight line/over the term of the ownership

1.10 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 Consolidated statement of financial activities incorporating income and expenditure account.

(i) Associated undertakings

Investments in associates are stated at the amount of the charity's share of net assets. The Consolidated statement of financial activities incorporating income and expenditure account includes the charity's share of the associated companies' profits after taxation using the equity accounting basis.

1.11 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.

1.12 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.

1.13 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017**

1. ACCOUNTING POLICIES (continued)

1.14 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.

1.15 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.

1.16 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.

1.17 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid 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 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.

1.20 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 2017

1.21 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments 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 Charity 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 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	-	-	250
Grants	-	50,000	50,000	-
	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>250</u>
Total donations and legacies	-	50,000	50,000	250
	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>250</u>
Total 2016	250	-	250	
	<u>250</u>	<u>-</u>	<u>250</u>	

3. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	38,804	-	38,804	38,050
	<u>38,804</u>	<u>-</u>	<u>38,804</u>	<u>38,050</u>
Total 2016	38,050	-	38,050	
	<u>38,050</u>	<u>-</u>	<u>38,050</u>	

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Direct charitable income from beneficiaries	1,010,865	-	1,010,865	970,327
	<u>1,010,865</u>	<u>-</u>	<u>1,010,865</u>	<u>970,327</u>
Total 2016	970,327	-	970,327	
	<u>970,327</u>	<u>-</u>	<u>970,327</u>	

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

5. GOVERNANCE COSTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Governance Auditors' remuneration	3,250	-	3,250	3,250
Governance Auditors' non audit costs	4,040	-	4,040	4,040
Governance other costs	7,163	-	7,163	7,824
	<u>14,453</u>	<u>-</u>	<u>14,453</u>	<u>15,114</u>

6. DIRECT COSTS

	Total 2017 £	Total 2016 £
Raw materials and consumables	17,434	16,655
Other operating charges	578,478	571,842
Wages and salaries	468,670	433,113
National insurance	110,281	93,752
Depreciation	186,999	159,211
	<u>1,361,862</u>	<u>1,274,573</u>
At 31 May 2016	<u>1,274,573</u>	

All direct costs related to unrestricted funds on both the current and prior years.

7. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	1,622,565	-	983,191	2,605,756	3,010,028
COSTS OF GENERATING FUNDS	<u>1,622,565</u>	<u>-</u>	<u>983,191</u>	<u>2,605,756</u>	<u>3,010,028</u>
Expenditure on direct charitable income from beneficiaries	578,951	186,999	595,912	1,361,862	1,274,573
Expenditure on governance	-	-	14,453	14,453	15,114
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total 2017	<u>2,201,516</u>	<u>186,999</u>	<u>1,593,556</u>	<u>3,982,071</u>	<u>4,299,715</u>
Total 2016	<u>2,058,887</u>	<u>159,211</u>	<u>2,081,617</u>	<u>4,299,715</u>	

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

8. TURNOVER

The whole of turnover arose within the United Kingdom.

All turnover arose within the United Kingdom.

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	186,999	159,211
Auditors' remuneration - audit	3,250	3,250
Auditors' remuneration - other services	4,040	4,040
	<u>194,289</u>	<u>166,501</u>

During the year, no Trustees received any remuneration (2016: £NIL).

During the year, no Trustees received any benefits in kind (2016: £NIL).

4 Trustees received reimbursement of expenses amounting to £1568 in the current year, (2016: 2 Trustees - £594).

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	2,066,252	1,938,939
Social security costs	110,281	93,752
Other pension costs	24,983	26,196
	<u>2,201,516</u>	<u>2,058,887</u>

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

	2017	2016
	No.	No.
Apartments	19	23
Golf	16	17
Leisure	82	78
Food and beverage	56	54
Administration and establishment	42	40
	<u>215</u>	<u>212</u>

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Total	99	97

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 £251,646 (2016: £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 2017

11. TANGIBLE FIXED ASSETS

GROUP	Freehold property	Motor vehicles, tractors & mowers	Equipment and furnishings	Timeshares	Total
	£	£	£	£	£
COST					
At 1 June 2016	7,825,474	143,362	2,899,082	21,210	10,889,128
Additions	338,522	459	174,502	-	513,483
Disposals	-	-	(1,595,212)	-	(1,595,212)
At 31 May 2017	8,163,996	143,821	1,478,372	21,210	9,807,399
DEPRECIATION					
At 1 June 2016	78,834	143,362	2,565,193	11,285	2,798,674
Charge for the year	53,121	92	133,362	424	186,999
On disposals	-	-	(1,595,212)	-	(1,595,212)
At 31 May 2017	131,955	143,454	1,103,343	11,709	1,390,461
NET BOOK VALUE					
At 31 May 2017	8,032,041	367	375,029	9,501	8,416,938
At 31 May 2016	7,746,640	-	333,889	9,925	8,090,454

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

GROUP	2017	2016
	£	£
Furniture, fittings and equipment	-	6,667

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

COMPANY	Freehold property £	Motor vehicles, tractors & mowers £	Equipment and furnishings £	Timeshares £	Total £
COST					
At 1 June 2016	7,825,474	143,362	2,899,082	21,210	10,889,128
Additions	338,522	459	174,502	-	513,483
Disposals	-	-	(1,595,212)	-	(1,595,212)
At 31 May 2017	8,163,996	143,821	1,478,372	21,210	9,807,399
DEPRECIATION					
At 1 June 2016	78,834	143,362	2,565,193	11,285	2,798,674
Charge for the year	53,121	92	133,362	424	186,999
On disposals	-	-	(1,595,212)	-	(1,595,212)
At 31 May 2017	131,955	143,454	1,103,343	11,709	1,390,461
NET BOOK VALUE					
At 31 May 2017	8,032,041	367	375,029	9,501	8,416,938
At 31 May 2016	7,746,640	-	333,889	9,925	8,090,454

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

COMPANY	2017 £	2016 £
Furniture, fittings and equipment	-	6,667

12. FIXED ASSET INVESTMENTS

GROUP	Listed securities £
MARKET VALUE	
At 1 June 2016	1,051,210
Additions	138,688
Disposals	(93)
Revaluations	258,990
At 31 May 2017	1,448,795

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

12. FIXED ASSET INVESTMENTS (continued)

COMPANY	Listed securities £	Shares in subsidiary £	Total £
MARKET VALUE			
At 1 June 2016	1,051,210	1,000	1,052,210
Additions	138,688	-	138,688
Disposals	(93)	-	(93)
Revaluations	258,990	-	258,990
At 31 May 2017	<u>1,448,795</u>	<u>1,000</u>	<u>1,449,795</u>

13. STOCKS

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Raw materials	7,932	7,037	-	-
Finished goods and goods for resale	92,029	88,742	-	-
	<u>99,961</u>	<u>95,779</u>	<u>-</u>	<u>-</u>

14. DEBTORS

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	38,104	38,386	-	-
Other debtors	145,564	151,004	32,142	30,420
	<u>183,668</u>	<u>189,390</u>	<u>32,142</u>	<u>30,420</u>

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	56,838	68,505	56,838	68,505
Net obligations under finance leases and hire purchase contracts	-	3,782	-	3,782
Trade creditors	260,605	259,431	480	757
Amounts owed to group undertakings	-	-	467,522	537,353
Other taxation and social security	102,303	105,547	-	-
Other creditors	50,960	48,824	-	-
Accruals and deferred income	530,463	447,797	3,928	3,538
	1,001,169	933,886	528,768	613,935

	GROUP		COMPANY	
	£	£	£	£
DEFERRED INCOME				
Deferred income at 1 June 2016	315,495	303,978	-	-
Resources deferred during the year	396,253	315,495	-	-
Amounts released from previous years	(315,495)	(303,978)	-	-
Deferred income at 31 May 2017	396,253	315,495	-	-

Deferred income relates to memberships and events paid for in advance.

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	316,748	371,308	316,748	371,308

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	£	£	£	£
Repayable by instalments	162,728	199,788	162,728	199,788

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.

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

17. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 June 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2017 £
DESIGNATED FUNDS						
Designated Funds	894,945	38,804	-	263,384	259,685	1,456,818
Freehold Property	7,221,173	-	(43,329)	325,585	-	7,503,429
	<u>8,116,118</u>	<u>38,804</u>	<u>(43,329)</u>	<u>588,969</u>	<u>259,685</u>	<u>8,960,247</u>
GENERAL FUNDS						
General Funds	45,981	4,528,342	(3,928,950)	(588,969)	-	56,404
Total Unrestricted funds	<u>8,162,099</u>	<u>4,567,146</u>	<u>(3,972,279)</u>	<u>-</u>	<u>259,685</u>	<u>9,016,651</u>
RESTRICTED FUNDS						
	Balance at 1 June 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2017 £
LIBOR Grant - Capital	43,688	-	-	-	-	43,688
RNRMC Grant - Capital	89,463	50,000	(9,792)	-	-	129,671
	<u>133,151</u>	<u>50,000</u>	<u>(9,792)</u>	<u>-</u>	<u>-</u>	<u>173,359</u>
Total of funds	<u>8,295,250</u>	<u>4,617,146</u>	<u>(3,982,071)</u>	<u>-</u>	<u>259,685</u>	<u>9,190,010</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 June 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2016 £
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
	<u>81,055</u>	<u>4,377,601</u>	<u>(4,228,452)</u>	<u>(184,223)</u>	<u>-</u>	<u>45,981</u>
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>

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

17. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Balance at 1 June 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2016 £
LIBOR Grant - Capital	46,952	-	(3,264)	-	-	43,688
RNRMC Grant - Capital	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 - CURRENT YEAR

	Balance at 1 June 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2017 £
Designated funds	8,116,118	38,804	(43,329)	588,969	259,685	8,960,247
General funds	45,981	4,528,342	(3,928,950)	(588,969)	-	56,404
	<u>8,162,099</u>	<u>4,567,146</u>	<u>(3,972,279)</u>	<u>-</u>	<u>259,685</u>	<u>9,016,651</u>
Restricted funds	133,151	50,000	(9,792)	-	-	173,359
	<u>8,295,250</u>	<u>4,617,146</u>	<u>(3,982,071)</u>	<u>-</u>	<u>259,685</u>	<u>9,190,010</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 June 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2016 £
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 (excluding that

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17. STATEMENT OF FUNDS (continued)

held in restricted funds) less a loan of £355,253 secured against the assets.

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	8,243,579	173,359	8,416,938
Fixed asset investments	1,448,795	-	1,448,795
Current assets	642,194	-	642,194
Creditors due within one year	(1,001,169)	-	(1,001,169)
Creditors due in more than one year	(316,748)	-	(316,748)
	<u>9,016,651</u>	<u>173,359</u>	<u>9,190,010</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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

	GROUP	
	2017	2016
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	894,760	(44,865)
Adjustment for:		
Depreciation charges	186,999	159,211
(Losses)/gains on investments	(258,961)	162,272
Dividends, interest and rents from investments	(38,804)	(38,050)
(Increase)/decrease in stocks	(4,182)	8,867
Decrease/(increase) in debtors	5,724	(18,294)
Increase/(decrease) in creditors	82,679	(13,614)
Net cash provided by operating activities	868,215	215,527

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	GROUP	
	2017	2016
	£	£
Cash in hand	358,565	173,610
Total	358,565	173,610

21. 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 (2016: £26,196). Contributions totalling £4,257 (2016: £4,410) were payable to the fund at the balance sheet date and are included in creditors.

22. OPERATING LEASE COMMITMENTS

At 31 May 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

GROUP	2017	2016
AMOUNTS PAYABLE:	£	£
Within 1 year	87,224	123,387
Between 1 and 5 years	86,468	182,650
Total	173,692	306,037

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23. RELATED PARTY TRANSACTIONS

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

As this subsidiary is 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.

During the year, Mr R Baldry and Mr I Douglas, trustees of the Charity, were paid £600 and £450 respectively for their roles as non executive directors in the China Fleet Country Club Limited, a 100% subsidiary of the China Fleet Trust.

24. CONTROLLING PARTY

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

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25. PRINCIPAL SUBSIDIARIES

Subsidiary name	China Fleet Country Club Limited
Company registration number	02527923
Basis of control	100% subsidiary
Total assets as at 31 May 2017	£ 1,243,528
Total liabilities as at 31 May 2017	£ (1,218,363)
Total equity as at 31 May 2017	£ 25,165
Turnover for the year ended 31 May 2017	£ 3,517,477
Expenditure for the year ended 31 May 2017	£ (2,705,589)
Profit for the year ended 31 May 2017	£ 811,888

	2017
	£
Net assets/ (liabilities)	25,165
Profit for the year ended 31 May 2017 after distributions	-
Total	<u>25,165</u>

26. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets measured at amortised cost	<u>428,811</u>	<u>242,416</u>
Financial liabilities measured at amortised cost	<u>921,664</u>	<u>989,699</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, bank loans and overdrafts, taxation and social security and accruals.