

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 2020



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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 CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MAY 2020**

Trustees	R/Admiral M G Wood CBE, DL, Chairman Mrs S Adkins Mr R Baldry Mr A Camp Mr I Douglas Mr C Green Mr M Dukes (appointed 6 December 2019) Warrant Officer G Hannah Commander J Sherriff MBE (appointed 20 December 2019) Lieutenant Commander L Hodgson RN (resigned 6 December 2019) Warrant Officer R Lowe RNR (resigned 6 December 2019) Major T Smith MBE RM Mr R Watts (resigned 6 December 2019) Mrs L Johnson (appointed 7 December 2019, resigned 24 January 2020)
Company registered number	07100967
Charity registered number	1135918
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	Womble 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 2020**

The Trustees present their annual report together with the audited financial statements of the Charity for the period 1 June 2019 to 31 May 2020. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable 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 (FRS102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective January 2015).

CHAIRMAN'S REPORT

This reporting period reflects and embraces business extremes for the Trust and its Trading Company, from the first seven months which presented ambitious but realistic growth opportunities, to the period from February 2020 when unprecedented uncertainty (which continues) emerged as a result of the COVID 19 pandemic.

The Trust has continued to maintain a strong and broadly based cohesive team of Trustees whose experience and skill sets match the requirements of its core business. I have also continued to be proactive in managing a succession plan to ensure the Trust strikes the right balance between the benefits of continuity and introducing 'new blood' to the team. In December 2019, in response to its refreshed Strategic Plan and the imperative to ensure the Company was better equipped to deliver its Beneficiary marketing responsibilities, the Trust was instrumental in articulating the case for, and the subsequent recruitment of, a Company appointed NED with the necessary experience and background.

In December 2019, Trustees unanimously supported the recommendation of a small Trust Working Group to include in its Primary Beneficiary Pool commissioned Royal Navy and Royal Marine officers and their families, plus all Royal Fleet Auxiliary personnel and their families. This initiative was aligned with the culture and practices of today's Services and their supporting charities.

I should stress at this point that we have maintained a sharp focus and momentum on the Trust's ongoing Beneficiary awareness campaign which has helped to keep the Charity and its aims very visible to the senior management of the Navy and down throughout its chain of command. This responsibility has largely fallen on the shoulders of myself, the CEO and those Trustees currently serving in the Navy; it has involved considerable investment in time hosting visits, capitalising on good PR opportunities and ensuring that at the very beginning of the trainees' naval careers, they have an understanding of the Club and what it offers them and their families through life. Linked to this work has been the development of closer lines of communication with the other naval charities with much of it facilitated by the RNRMC. Our CEO has been leading most effectively the establishment of these key links.

A formal review of the Operating Agreement between Trust and Company was undertaken by myself and a small team of Trustees and Company Directors and completed in November 2019. Having also consulted with our legal advisors, the OA remained unaltered and Trustees affirmed that it remained fit for purpose. In future this annual review will be conducted by the Trust's Governance and Remuneration Committee in consultation with the Company.

In the same period the Trust's Strategic Plan was reviewed in consultation with Company Directors. This set out in clear terms the Trust's Vision for the next five years and three principal Strategic Themes:

- the provision of excellent and relevant propositions to our Beneficiaries and growing strongly their number and usage;
- ensuring the Trust and Company's business remains vibrant, successful and focussed on customer needs;
- the provision of high standards of Governance and Financial Management.

This document provided unambiguous direction to the Company and set ambitious goals in particular for growth in Beneficiary usage and for the enhancement of the Club's facilities. With regard to the former, the efforts of the Company to establish an effective Beneficiary Marketing strategy and plan, appropriately resourced in financial and human terms, faltered with the advent of the pandemic. With regard to the Club's facilities, Trustees gave final approval in December 2019 on the business cases for an outdoor Adventure Golf course and an adjacent

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

indoor/outdoor café/bar. Work on these facilities commenced in January 2020 but ceased when the Club was closed in response to the pandemic lockdown.

Whilst the above enhancements were in the early stages of development, the Trust also established with the Royal Navy and Royal Marines Charity (RNRMC) agreement to provide a number of Beneficiary services funded and allocated by the latter and provided by the Club. Crucially, and as a result of convincing business evidence that an increase in self-catering accommodation presented a sound investment opportunity, the Trust and RNRMC agreed in principle that such a capital project (circa £1.5 to £2 M) was likely to be a strong contender for a major RNRMC grant accordingly, during the period between November 2019 and February 2020. Detailed preliminary feasibility work was undertaken to identify the most appropriate site on the Trust's estate, as well as exploring accommodation unit size and design options and indicative costs. A number of important environmental issues emerged during this early work however the pandemic lockdown prevented further analysis and the necessary detailed surveys.

On 28th February 2020 Trustees held an additional Board meeting originally programmed to discuss a number of key issues directly related to the Strategic Plan. In the event the focus rapidly shifted to the emerging pandemic and its threat to the business. Although available definitive information remained scarce at this stage it did provide a timely opportunity to discuss with the Company the potential implications to the operations of the Club and the initial responses which might have to be taken. Trustees agreed that given the emerging threat to the business and the dramatic impact it was having on global markets that its Financial Reserves policy should remain unchanged.

On 20th March and in response to HMG direction the operations and facilities at the Club were sequentially shut down. All bar a small number of essential staff were sent home, systems were shut down and the site closed to customers, contractors and others. The Trust and Company agreed that despite the cessation of any source of revenue, we were in a strong financial position to weather the challenge of a shut down albeit for an unclear duration. Our Financial Reserves were substantial with a portion of investments in cash, we had low debt gearing and we had acted quickly to reduce all but essential overheads. We maximised the support provided by HMG most notably in terms of its employee furlough scheme and initial zero interest business loans. Cash flow was monitored closely by the senior management teams of the Trust and Company, and some timely work was undertaken by the Company on a number of recovery scenarios, their budget constraints and implications. Agile and proactive management became the watchword early in the crisis (and remains the case) and this was achieved by regular meetings and open lines of communication between the Trust Chairman and its CEO and the NE Chairman and MD of the Company. Governance principles were adhered to despite the challenges of this difficult period, and Trustees were kept informed of all key matters and fully involved with crucial management decisions. Particular attention has been paid to the scrutiny of the Company's plans to reopen facilities in line with the easing of the lockdown and ensure compliance with the various strict guidelines for the protection of staff and customers.

From the outset of this period, lessons learned were recorded as was a diary of key events and decisions. I was also eager not to let this indefinite period of Club closure become an excuse not to progress what routine Trust business which was feasible. Therefore work continued on our forward programme of Beneficiary engagement, the likely financial impact on future Club investment and enhancement plans, the likely shift of focus by Service charities on the consequential needs of Service personnel, their families as well as veterans, and a number of other important work strands. Importantly, we recognised that our recently updated Strategic Plan would require reframing in light of the pandemic. This was achieved through a small Trust working group in cooperation with the Company's senior management team. The main change to this plan was to make recovery and restoration of business our strategic priority. The plan has subsequently been endorsed by Trustees and I commend it to you as a further and realistic insight to our approach to the future. The Trust's Risk Register has been updated to take account of the pandemic and remains an important business tool for Trustees.

It is noteworthy that as a result of prudent forward planning and funding, construction work on the Club's new Adventure Golf course and outdoor café and bar recommenced as soon as lockdown restrictions allowed. We are confident that these significant new additions to our portfolio of attractions will assist our business recovery in terms of revenue generation and signalling to our Beneficiary and civilian customer base that the Club has confidence in its future.

Self-evidently much has happened since the end of the reporting period and will form the subject of the next

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

report. Nevertheless I would emphasise that I and my fellow Trustees are justifiably confident that our strategies of the past, our recovery path to date and that which we anticipate, and our future business intent, as summarised in our Strategic Plan, combine with the operational plans of our Trading Company to mitigate the risks posed by further COVID-19 lockdowns and the longer term implications of the pandemic on the population and its chosen leisure activities.

OBJECTIVES AND ACTIVITIES

a. Policies and objectives

The objective of the Trust is to provide leisure and recreational facilities for all 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 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").

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 ALL serving personnel of the Royal Navy and Royal Marines, Reserves and Royal Fleet Auxilliary personnel and their immediate families and additional specified personnel as outlined in para a, totalling over 800,000.

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 Trust's charitable activities.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

a. Trading Subsidiary (China Fleet Country Club Limited)

The Strategic Plan recognises 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.

The year's financial performance was forecast to be one of the strongest in the Club's history until the company was forced to cease all trading activities in March due to COVID 19.

Maintaining cashflow became the immediate priority and the company's quick reactions in reducing costs and overheads prior to the full lockdown measures being enforced and a Trust cash injection allowed cashflow to be maintained until HMG support, ie; furloughing, Business rates holiday and BIR loans became available.

The company furloughed around 200 staff with only the minimum of duty managers, grounds and security staff retained full time to ensure the site and facilities remained safe and secure only bringing essential staff back as required.

There have been additional costs and outlay to meet COVID regulations and it has therefore been necessary to utilise an amount of the BIR loan that was secured however, this was deemed essential and was key as lockdown was eased.

A number of members continued to pay their membership fees during lockdown and their loyalty was rewarded with a generous voucher scheme and membership rollover programme.

A phased opening then began in May when golf was allowed to open in line with HMG guidance. Essentially the company has lost over 2 months revenue at the very end of this FY during what is historically a busy period in the holiday and leisure industry which resulted in a significant drop in forecasted revenues and end of year results.

This drop has now carried into the new FY and it is anticipated that despite best efforts of the company and the various HMG initiatives, a loss in the next FY is almost inevitable. The scale of any loss will be dependant on a number of external factors beyond the company's control but given the strong financial performance for much of 2019 and the addition of new facilities upon re-opening it remains in a strong position to make a steady recovery and very much remains a going concern.

Going forward, the trading subsidiary continues to carefully manage its workforce and resources to ensure that costs are minimised whilst still continuing to deliver a safe and high quality service within HMG guidelines. This has been appreciated by members with much positive press and a number of new members now joining from other facilities.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW

a. Financial review

The Trustees present their report and financial statements for year ended 31 May 2020.

At 31 May 2020 there were 26,554 beneficiaries registered with the Club compared to 24,911 at 31 May 2019. HMS RALEIGH and BRNC recruit visits stopped in March despite recruiting and training carrying on throughout the pandemic. Visits are not expected to resume until October.

This has resulted in 800 fewer beneficiary visits to the Club and the Trust is actively looking at strategies of engaging with the 800 recruits who were unable to visit during their initial training thereby leaving a black hole in beneficiary awareness amongst this number.

HMS RALEIGH has informed us that the Royal Navy intends to increase recruiting by around 1,000 pa and this will increase the size of the beneficiary pool going forward.

The consolidated statement of financial activities for the year shows the net movement in funds for the year was a deficit of £86,203 (2019: surplus of £6,282).

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 £112,006 (2019: £309,634) transferring all its taxable profits to the Charity.

b. The Impact of Covid-19 on Going Concern

The company is dependent upon its wholly owned subsidiary, The China Fleet Country Club Ltd ("The Club") to manage the facility on behalf of its beneficiaries.

The unprecedented worldwide impact of the Coronavirus Covid-19 has completely changed the circumstances under which the Club will be operating in 2020/21. Social distancing measures and the lockdown have had far reaching implications for the whole leisure and hospitality sector.

Drastic steps were taken in March 2020, when the Club was locked down, but in the interim the Club retained the vast majority of its employees thanks to HM Government furlough scheme and for its working capital needs, the Coronavirus Business Interruption Loan Scheme. Of late the Club, while not still fully open, has performed well considering the limitations enforced by being Covid secure, and is forecast a positive outcome for 31 May 2021, provided the Covid restrictions locally does not worsen.

The company's main asset, the investment portfolio, has performed well considering this pandemic and the Trustees have made funds available to the Club should the need arise.

The trustees are regularly briefed by the Club Managing Director with departmental performance reports, beneficiary usage and cash flow forecasts (the latter well into 2021), that have given a good indication that the Trustees can be satisfied that the Club and the company remains a going concern.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

c. 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 consider a target sum between a range of £1,500,00 to £2,000,000 would be sufficient for these purposes. This Reserves policy is subject to continued ongoing review.

In 2019 Trustees directed that £200k of Reserves be moved from the Long Term investment portfolio into a short notice contingency cash account. This decision was timely as the Trust was able to transfer these funds and more to give immediate support to the Company cashflow in the 6 week period following closure until HMG furlough payments were made.

As at 31 May 2020 this designated unrestricted investment reserve was £1,364,134 (2019: £1,644,786) in addition to the unrestricted operational general reserves of £NIL (2019: £57,771).

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

China Fleet Trust is registered as a charitable company limited by guarantee, number 1135918 and was set up by a Trust deed. It is governed by its Memorandum of Association dated 10 December 2009 and Articles of Association dated 6 December 2019.

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 three times 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 has a 5 year non exclusive licence agreement (signed on 23rd March 2018) 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. The performance of this agreement is reviewed annually by the Trust and Club. Mr Robert Baldry is currently chairman of the Board of Directors of the company.

The China Fleet Club Beneficiaries Committee is chaired by a Trustee, Warrant Officer Gordon Hannah. 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 17.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

b. 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, which is aligned to the Company 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.

The risk management systems were tested during COVID and combined with prompt actions and directions by Trustees proved effective in meeting the emergent challenges in the last quarter.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic 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 Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102)
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity 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 relevant audit information and to establish that the charitable group's auditors are aware of that information.

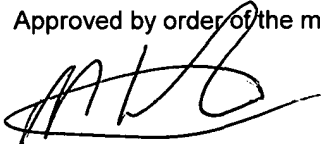
**CHINA FLEET TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the Board of Trustees and signed on their behalf by:



R/Admiral M G Wood CBE

Date: 27/11/20

**CHINA FLEET TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FLEET TRUST

OPINION

We have audited the financial statements of China Fleet Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 May 2020 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FLEET TRUST (CONTINUED)

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- the parent charitable company has not kept adequate and sufficient 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.

RESPONSIBILITIES OF TRUSTEES

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FLEET TRUST (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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 opinions we have formed.



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: 15/12/2020

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MAY 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:					
Donations and legacies	4	-	-	-	3,519
Charitable activities	5	896,578	-	896,578	1,139,320
Other trading activities		3,375,446	-	3,375,446	3,826,382
Investments	6	32,497	-	32,497	40,473
TOTAL INCOME		4,304,521	-	4,304,521	5,009,694
EXPENDITURE ON:					
Raising funds		3,163,957	-	3,163,957	3,417,080
Charitable activities	7	1,279,961	12,816	1,292,777	1,581,689
TOTAL EXPENDITURE		4,443,918	12,816	4,456,734	4,998,769
Net gains/(losses) on investments		66,010	-	66,010	(4,643)
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS		(73,387)	(12,816)	(86,203)	6,282
NET MOVEMENT IN FUNDS		(73,387)	(12,816)	(86,203)	6,282
RECONCILIATION OF FUNDS:					
Total funds brought forward		9,019,578	222,727	9,242,305	9,236,023
Net movement in funds		(73,387)	(12,816)	(86,203)	6,282
TOTAL FUNDS CARRIED FORWARD		8,946,191	209,911	9,156,102	9,242,305

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 17 to 35 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	12	9,063,971	8,984,779
Investments	13	1,083,327	1,186,537
		<u>10,147,298</u>	<u>10,171,316</u>
CURRENT ASSETS			
Stocks	14	97,652	91,773
Debtors	15	83,052	120,210
Cash at bank and in hand		692,608	492,070
		<u>873,312</u>	<u>704,053</u>
Creditors: amounts falling due within one year	16	(843,954)	(1,048,985)
NET CURRENT ASSETS / LIABILITIES		<u>29,358</u>	<u>(344,932)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,176,656</u>	<u>9,826,384</u>
Creditors: amounts falling due after more than one year	17	(1,020,554)	(584,079)
TOTAL NET ASSETS		<u><u>9,156,102</u></u>	<u><u>9,242,305</u></u>
CHARITY FUNDS			
Restricted funds	19	209,911	222,727
Unrestricted funds	19	8,946,191	9,019,578
TOTAL FUNDS		<u><u>9,156,102</u></u>	<u><u>9,242,305</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


R/Admiral M G Wood CBE

Date: 27/11/20

The notes on pages 17 to 35 form part of these financial statements.

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

CHARITY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MAY 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	12	9,063,971	8,984,779
Investments	13	1,084,327	1,187,537
		<u>10,148,298</u>	<u>10,172,316</u>
CURRENT ASSETS			
Debtors	15	124,780	331,395
Cash at bank and in hand		71,368	265,677
		<u>196,148</u>	<u>597,072</u>
Creditors: amounts falling due within one year	16	(716,711)	(1,000,868)
NET CURRENT LIABILITIES		<u>(520,563)</u>	<u>(403,796)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,627,735</u>	<u>9,768,520</u>
Creditors: amounts falling due after more than one year	17	(495,798)	(550,380)
TOTAL NET ASSETS		<u>9,131,937</u>	<u>9,218,140</u>
CHARITY FUNDS			
Restricted funds	19	209,911	222,727
Unrestricted funds	19	8,922,026	8,995,413
TOTAL FUNDS		<u>9,131,937</u>	<u>9,218,140</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Admiral M G Wood CBE

Date: 27/11/20

The notes on pages 17 to 35 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 2020

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	22	39,884	301,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(345,751)	(309,400)
Proceeds from sale of investments		69,884	200,000
NET CASH USED IN INVESTING ACTIVITIES		(275,867)	(109,400)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows from new borrowing		500,000	47,000
Repayments of borrowing		(63,525)	(68,749)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		436,475	(21,749)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		200,492	170,142
Cash and cash equivalents at the beginning of the year		492,116	321,974
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	692,608	492,116

The notes on pages 17 to 35 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 2020**

1. GENERAL INFORMATION

The Charity is a limited charitable company, incorporated in England and Wales, company number 07100967. The registered office is China Fleet Country Club, Saltash, Cornwall, PL12 6LJ. The members of the Charity 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 £10 per member of the Charity.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), 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 Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

2.2 GOING CONCERN

The financial statements 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.

2.3 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 Group 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 Group 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.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. ACCOUNTING POLICIES (continued)

2.4 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.

Grants are included in the Consolidated Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

2.5 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.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.6 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

2. ACCOUNTING POLICIES (continued)

2.8 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 the 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 presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.9 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.

2.10 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.

2.11 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.

2.12 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 Charity 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 in the Consolidated Statement of Financial Activities as a finance cost.

2.13 FINANCIAL INSTRUMENTS

The Group 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 2020**

2. ACCOUNTING POLICIES (continued)

2.14 OPERATING LEASES

Rentals paid under operating leases are charged to the Consolidated 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 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.

3. 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 Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2020 £	Total funds 2020 £
Grants	-	-
	<hr/>	<hr/>
	Unrestricted funds 2019 £	Total funds 2019 £
Grants	3,519	3,519
	<hr/>	<hr/>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £
Direct charitable income from beneficiaries	896,578	896,578

	Unrestricted funds 2019 £	Total funds 2019 £
Direct charitable income from beneficiaries	1,139,320	1,139,320

6. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £
Investment income	32,497	32,497

	Unrestricted funds 2019 £	Total funds 2019 £
Income from local listed investments	40,473	40,473

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Direct charitable cost for beneficiaries	1,279,961	12,816	1,292,777

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

(continued)

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Direct charitable cost for beneficiaries	1,568,873	12,816	1,581,689

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Total funds 2020 £
Direct charitable cost for beneficiaries	1,292,777	1,292,777

	Activities undertaken directly 2019 £	Total funds 2019 £
Direct charitable cost for beneficiaries	1,581,689	1,581,689

Analysis of direct costs

	Direct charitable income 2020 £	Total funds 2020 £
Staff costs	521,252	521,252
Depreciation	266,559	266,559
Other operating charges	487,984	487,984
Governance costs	16,982	16,982
	1,292,777	1,292,777

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs (continued)

	Direct charitable income 2019 £	Total funds 2019 £
Staff costs	676,864	676,864
Depreciation	284,315	284,315
Other operating charges	586,373	586,373
Governance costs	34,137	34,137
	<u>1,581,689</u>	<u>1,581,689</u>

9. NET INCOME/(EXPENDITURE)

	2020 £	2019 £
Depreciation of tangible fixed assets - owned	266,559	254,605
Auditor's remuneration - audit	5,000	7,700
Auditors' remuneration - other services	7,250	3,450
Operating lease rentals	80,155	120,601
	<u>358,964</u>	<u>386,356</u>

10. STAFF COSTS

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Wages and salaries	2,128,297	2,403,641	493,830	640,653
Social security costs	27,422	36,211	27,422	36,211
Other pension costs	-	37,157	-	-
	<u>2,155,719</u>	<u>2,477,009</u>	<u>521,252</u>	<u>676,864</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

10. STAFF COSTS (CONTINUED)

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

	Group 2020 No.	Group 2019 No.	Charity 2020 No.	Charity 2019 No.
Apartments	20	23	-	-
Golf	15	15	-	-
Leisure	74	82	-	-
Food and beverage	60	58	-	-
Administration and establishment	45	42	1	1
	<u>214</u>	<u>220</u>	<u>1</u>	<u>1</u>

The average headcount expressed as full-time equivalents was:

	Group 2020 No.	Group 2019 No.
Total	<u>101</u>	<u>104</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	Group 2019 No.
In the band £60,001 - £70,000	1	1

All Trustees and the Directors of the trading company, along with 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 £295,991 (2019: £335,458).

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, two Trustees received remuneration totalling £11,284 (2019: £7,350) for their roles as non executive directors of the Charity's 100% subsidiary, China Fleet Country Club Limited.

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 May 2020, expenses totalling £1069 were reimbursed to 3 Trustees (2019 - £1362 to 2 Trustees).

12. TANGIBLE FIXED ASSETS

GROUP AND CHARITY

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Timeshares £	Total £
COST OR VALUATION					
At 1 June 2019	8,537,683	143,820	1,999,234	21,210	10,701,947
Additions	255,185	-	90,566	-	345,751
Disposals	-	(5,250)	(62,257)	-	(67,507)
At 31 May 2020	8,792,868	138,570	2,027,543	21,210	10,980,191
DEPRECIATION					
At 1 June 2019	331,714	143,644	1,229,423	12,387	1,717,168
Charge for the year	106,953	76	159,191	339	266,559
On disposals	-	(5,250)	(62,257)	-	(67,507)
At 31 May 2020	438,667	138,470	1,326,357	12,726	1,916,220
NET BOOK VALUE					
At 31 May 2020	8,354,201	100	701,186	8,484	9,063,971
At 31 May 2019	8,205,969	176	769,811	8,823	8,984,779

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

13. FIXED ASSET INVESTMENTS

Group	Listed investments £
COST OR VALUATION	
At 1 June 2019	1,186,537
Additions	231,330
Disposals	(392,741)
Revaluations	58,201
AT 31 MAY 2020	1,083,327
NET BOOK VALUE	
AT 31 MAY 2020	1,083,327
<i>AT 31 MAY 2019</i>	<i>1,186,537</i>

Charity	Investments in subsidiary companies £	Listed investments £	Total £
COST OR VALUATION			
At 1 June 2019	1,000	1,186,537	1,187,537
Additions	-	231,330	231,330
Disposals	-	(392,741)	(392,741)
Revaluations	-	58,201	58,201
AT 31 MAY 2020	1,000	1,083,327	1,084,327
NET BOOK VALUE			
AT 31 MAY 2020	1,000	1,083,327	1,084,327
<i>AT 31 MAY 2019</i>	<i>1,000</i>	<i>1,186,537</i>	<i>1,187,537</i>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

14. STOCKS

	Group 2020 £	Group 2019 £
Raw materials and consumables	22,969	10,159
Finished goods and goods for resale	74,683	81,614
	<u>97,652</u>	<u>91,773</u>

15. DEBTORS

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
DUE WITHIN ONE YEAR				
Trade debtors	13,031	25,516	-	-
Amounts owed by group undertakings	-	-	112,006	309,634
Other debtors	70,021	94,694	12,774	21,761
	<u>83,052</u>	<u>120,210</u>	<u>124,780</u>	<u>331,395</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank loans	75,378	75,378	66,435	66,435
Trade creditors	170,684	202,794	1,624	1,330
Amounts owed to group undertakings	-	-	643,894	929,090
Other taxation and social security	101,567	114,937	-	-
Other creditors	39,357	67,792	-	-
Accruals and deferred income	456,968	588,084	4,758	4,013
	843,954	1,048,985	716,711	1,000,868
			Group 2020 £	Group 2019 £
Deferred income at 1 June 2019			422,192	369,838
Resources deferred during the year			491,567	422,192
Amounts released from previous periods			(422,192)	(369,838)
Deferred income at 31 May 2020			491,567	422,192

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

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

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank loans	1,020,554	584,079	495,798	550,380

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Payable or repayable by instalments	280,070	341,186	280,070	341,186
	280,070	341,186	280,070	341,186

The loan above is repayable over 120 months from drawdown at a rate of 2.45% per annum above the Bank of England Base Rate. The loan is secured against the Charity's freehold property.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

18. FINANCIAL INSTRUMENTS

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost	705,639	517,632	71,368	265,677
	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(1,431,489)	(1,291,878)	(568,607)	(622,158)

Financial assets measured at amortised cost comprise of 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.

Derivative financial instruments measured at fair value through income and expenditure held as part of a trading portfolio comprise....

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 June 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2020 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Designated Funds	1,644,786	32,497	-	(379,159)	66,010	1,364,134
Freehold Property	7,317,021	-	(94,137)	359,173	-	7,582,057
	<u>8,961,807</u>	<u>32,497</u>	<u>(94,137)</u>	<u>(19,986)</u>	<u>66,010</u>	<u>8,946,191</u>
GENERAL FUNDS						
General Funds	57,771	4,272,024	(4,349,781)	19,986	-	-
TOTAL UNRESTRICTED FUNDS	<u>9,019,578</u>	<u>4,304,521</u>	<u>(4,443,918)</u>	<u>-</u>	<u>66,010</u>	<u>8,946,191</u>
RESTRICTED FUNDS						
LIBOR Grant - Capital	43,688	-	(3,048)	-	-	40,640
RNRMC Grant - Capital	179,039	-	(9,768)	-	-	169,271
	<u>222,727</u>	<u>-</u>	<u>(12,816)</u>	<u>-</u>	<u>-</u>	<u>209,911</u>
TOTAL OF FUNDS	<u>9,242,305</u>	<u>4,304,521</u>	<u>(4,456,734)</u>	<u>-</u>	<u>66,010</u>	<u>9,156,102</u>

Other Designated Funds - represents funds allocated for the replacement, long term maintenance and improvements of buildings and equipment, it comprises of the investment portfolio and designated cash balances. The transfers out in the year represents funds spent on fixed assets. A transfer from general funds has been made in line with the Charity's reserve policy.

Freehold Property - represents the net book value of the freehold property (excluding amounts held in restricted funds) less loans secured against the asset.

Restricted fund - represents LIBOR and RNRMC grant income that has been used in the refurbishment of apartment blocks and refurbishment of changing rooms. The balance equals the net book value of the assets purchased.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

19. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 June 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2019 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Designated Funds	1,661,967	40,473	-	(53,011)	(4,643)	1,644,786
Freehold Property	7,278,513	-	(89,854)	128,362	-	7,317,021
	<u>8,940,480</u>	<u>40,473</u>	<u>(89,854)</u>	<u>75,351</u>	<u>(4,643)</u>	<u>8,961,807</u>
GENERAL FUNDS						
General Funds	60,000	4,969,221	(4,896,099)	(75,351)	-	57,771
TOTAL UNRESTRICTED FUNDS	<u>9,000,480</u>	<u>5,009,694</u>	<u>(4,985,953)</u>	<u>-</u>	<u>(4,643)</u>	<u>9,019,578</u>
RESTRICTED FUNDS						
LIBOR Grant - Capital	43,688	-	-	-	-	43,688
RNRMC Grant - Capital	191,855	-	(12,816)	-	-	179,039
	<u>235,543</u>	<u>-</u>	<u>(12,816)</u>	<u>-</u>	<u>-</u>	<u>222,727</u>
TOTAL OF FUNDS	<u>9,236,023</u>	<u>5,009,694</u>	<u>(4,998,769)</u>	<u>-</u>	<u>(4,643)</u>	<u>9,242,305</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

20. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 June 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2020 £
Designated funds	8,961,807	32,497	(94,137)	(19,986)	66,010	8,946,191
General funds	57,771	4,272,024	(4,349,781)	19,986	-	-
Restricted funds	222,727	-	(12,816)	-	-	209,911
	<u>9,242,305</u>	<u>4,304,521</u>	<u>(4,456,734)</u>	<u>-</u>	<u>66,010</u>	<u>9,156,102</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 June 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2019 £
Designated funds	8,940,480	40,473	(89,854)	75,351	(4,643)	8,961,807
General funds	60,000	4,969,221	(4,896,099)	(75,351)	-	57,771
Restricted funds	235,543	-	(12,816)	-	-	222,727
	<u>9,236,023</u>	<u>5,009,694</u>	<u>(4,998,769)</u>	<u>-</u>	<u>(4,643)</u>	<u>9,242,305</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	8,854,060	209,911	9,063,971
Fixed asset investments	1,083,327	-	1,083,327
Current assets	873,312	-	873,312
Creditors due within one year	(843,954)	-	(843,954)
Creditors due in more than one year	(1,020,554)	-	(1,020,554)
TOTAL	<u>8,946,191</u>	<u>209,911</u>	<u>9,156,102</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	8,762,052	222,727	8,984,779
Fixed asset investments	1,186,537	-	1,186,537
Current assets	704,053	-	704,053
Creditors due within one year	(1,048,985)	-	(1,048,985)
Creditors due in more than one year	(584,079)	-	(584,079)
TOTAL	9,019,578	222,727	9,242,305

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

	Group 2020 £	Group 2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(86,203)	6,282
ADJUSTMENTS FOR:		
Depreciation charges	266,559	284,315
Gains/(losses) on investments	66,010	(4,643)
Dividends, interests and rents from investments	(31,980)	(40,141)
Loss/(profit) on the sale of fixed assets	(750)	50
Decrease/(increase) in stocks	(5,879)	6,480
Decrease in debtors	37,158	51,823
Decrease in creditors	(205,031)	(2,875)
NET CASH PROVIDED BY OPERATING ACTIVITIES	39,884	301,291

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2020 £	Group 2019 £
Cash in hand	692,608	492,116
TOTAL CASH AND CASH EQUIVALENTS	692,608	492,116

24. ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 2019 £	Cash flows £	At 31 May 2020 £
Cash at bank and in hand	492,070	200,538	692,608
Debt due within 1 year	(75,378)	-	(75,378)
Debt due after 1 year	(584,079)	(436,475)	(1,020,554)
	(167,387)	(235,937)	(403,324)

25. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £39,127 (2019 - £37,157). contributions totalling £7,023 (2019: £8,250) were payable to the fund at the balance sheet date and are included in creditors.

26. OPERATING LEASE COMMITMENTS

At 31 May 2020 the Group had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	151,609	105,818
Later than 1 year and not later than 5 years	129,358	189,811
	280,967	295,629

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**NOTES TO THE FINANCIAL STATEMENTS
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27. RELATED PARTY TRANSACTIONS

The Charity has one 100% owned subsidiary as detailed in note 29.

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 Baldy and Mr I Douglas, trustees of the Charity, were paid £10,750 (2019: £6,600) and £750 (2019: £850) respectively for their roles as non executive directors of the China Fleet Country Club Limited, a 100% subsidiary of the China Fleet Trust..

28. CONTROLLING PARTY

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

29. PRINCIPAL SUBSIDIARIES

The following was a subsidiary undertaking of the Charity:

Name	Company number	Registered office or principal place of business	Holding
China Fleet Country Club Limited	02527923	Saltash, Plymouth, PL12 6LJ	100%

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit for the year £	Net assets £
China Fleet Country Club Limited	3,375,446	(3,263,440)	112,006	25,165