

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 2022



CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

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**CHINA FLEET TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MAY 2022**

Trustees	Rear Admiral Michael George Wood CBE, DL, JP, Chairman Mrs Sarah Adkins Mr Robert Alan Seabrook Baldry Mr Alastair Keith Camp Mr Ian Robert Douglas Lt Cdr Rebecca French RN Lt Cdr Claire Marie Frances Lees MBE RN Michael James Dukes Warrant Officer First Class Paul Todd Major Steve Cox RM
Company registered number	07100967
Charity registered number	1135918
Chief executive officer	Mr G C Hannah
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
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MAY 2022**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MAY 2022**

The Trustees present their annual report together with the audited financial statements of the Charity for the period 1 June 2021 to 31 May 2022. The Annual Report serves the purposes of both a Trustees' report and 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 January 2015).

CHAIRMAN'S REPORT

This financial year has provided clear evidence of the recovery from 2 years of operating under the constraints of the CV19 Pandemic. This recovery has been the manifestation of hard work and due diligence instigated by the Trust and its wholly owned trading subsidiary (the Company) during this time.

Throughout this report you will see the achievements in year have been exceptional and have exceeded our predictions for recovery. The fact that the previous year's trading loss has been recovered and the Company will be able to Gift Aid £391k to Trust, a record delivery of Gift Aid, all serve to illustrate the resilience and robustness of the enterprise.

Due to the impacts of the Pandemic and in line with our self-governance cycle, a full review of the Trust's Strategic Plan was undertaken in year which reset the core priorities of the enterprise moving forward, setting out a plan for the next 5 years. The principal objectives from which were:

- Post-Pandemic recovery & restoration and future commercial ambition
- Providing excellent beneficiary propositions and growing strongly their number and usage
- Ensuring that the enterprise's business is vibrant, commercially successful, and focused on customer needs
- Maintain high standards of governance and financial management

In support of these principal objectives several working groups were convened during the reporting period:

- Accommodation feasibility study – for the possible expansion of our accommodation offering – JSWG 01-21
- Review of Conference and Events business, including beneficiary usage – JSWG 02-21
- Environmental sustainability and carbon neutrality – research options and potential targets – JSWG 03-21
- Accommodation – complete environmental and biodiversity impact review of potential locations – JSWG 04-21

Their work is ongoing.

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FOR THE YEAR ENDED 31 May 2022**

These Sub working groups were formed of Trustees and Company directors and reported their initial findings at the Trust's November board meeting, with updates at the March extraordinary meeting of Trustees.

The enterprise's number one priority remains to provide quality leisure and recreational facilities for our beneficiaries. Set within the Strategic Plan objectives was an ambitious target to increase the usage by serving beneficiaries by 40% above a pre-CV19 baseline (Mar 2019) over a 5-year period from 2021 to 2026. The beneficiary challenge has been tackled in several ways:

- Created a new committee to oversee this area specifically – Beneficiary Engagement and Usage Committee (BEUC)
- The Company employed a Beneficiary Engagement Executive (BEE)
- The Beneficiary Committee has been refreshed to allow this important element to add value and contribute to future plans
- An extensive beneficiary visitation and marketing campaign
- Increase collaborations with our RN charity partners

These initiatives and investment have seen immediate reward with our KPI data indicating an increase in serving beneficiary usage over the year of 122% ahead of the 2019 usage figure. Although this figure is well ahead of the 5-year target, the Trust and the Company are aware of the post CV19 bow wave of activity in the leisure industry and remain cognisant of the looming challenges ahead in the forthcoming financial year. Much remains to be done to secure greater usage by beneficiaries and their families who do not reside or serve in the Club's immediate catchment area.

The focus on our beneficiaries has recognised the impacts that the cost-of-living crisis is having on them; this subsequently led a decision being made not to increase prices this financial year for our serving beneficiaries. With price increases introduced for the general members of between 5 and 10% throughout the estate this equates to beneficiary discounts that have never been more attractive.

The Trust takes great pride in the knowledge that the difficult decisions made during the period of uncertainty have been proven to have been correct. This gives the Trust Board increased confidence that the enterprise can weather any future uncertainties. The events in Ukraine, impacts of increased inflation and the general cost of living provide a stark reminder that global events are increasingly unpredictable and increasing in frequency.

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").

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FOR THE YEAR ENDED 31 May 2022**

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 and have directed the Company accordingly. 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 recreational facilities, including accommodation for the use of their beneficiaries, being ALL serving personnel of the Royal Navy and Royal Marines, Reserves and Royal Fleet Auxiliary personnel and their immediate families and additional specified personnel as outlined in para a, numbering in total 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. This conviction continues to be endorsed, applauded and encouraged by the Royal Navy's chain of command.

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

a. Trading Subsidiary (China Fleet Country Club Limited – 'the Company')

The 2021 to 2026 Strategic Plan recognised that the financial stability of the Charity is dependent upon the good husbandry of the Charity's own assets and the revenue generated and commercial viability of its trading subsidiary.

The Company has managed the enterprise's emergence from the constraints of the Pandemic well. Each phase of re-opening was orchestrated and approved by the Trust in a proportionate and safe manner, which gained the confidence of both Trust Board and our end users. This led to the reputation of the enterprise increasing and with it usage returned, exceeding forecasts throughout the financial year.

The Company has not been immune to the difficulties experienced throughout the sector in relation to staff recruitment and retention. However, it is helpful that the working environment engenders a family feel to the workforce and the number of staff has increased back to pre-Pandemic levels of around 220.

The Trust has throughout this period acknowledged the Company's efforts to reverse the losses of the previous financial year and for revitalising the fiscal outlook.

b. China Fleet Trust

The Trust has had a busy year of engagement with the senior figures in the Royal Navy chain of command, exposing them to the benefits that the Club has to offer for their people

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 May 2022**

and families (the Trust's beneficiaries). The positive effects on the Moral Component of Operational Capability (MC of OC) are evident by each visiting senior officer and they leave enthused about their Club and how it can be used more effectively by their officers, sailors, marines, and their families.

The Trust has been buoyed by the visits of two 3-star Admirals, including the Fleet Commander, as well as a number of other senior RN / RM and RFA Officers, Warrant Officers and Ratings throughout the year.

The Trust's affiliation with HMS TAMAR has gone from strength to strength with several engagements made with the Ship's Company and their families over the course of the year. Although the ship is now physically deployed for 5 years; the crew rotate every few months and this enables visitation during their watch rotation periods back in the UK. The Trust is extremely proud of this affiliation and receives regular newsletters and photo sets from the Ship's Company during their period of deployment, these are then exhibited in a multimedia display in our heritage area of the Club. The affiliation has illustrated to the Navy at large the benefits the Club can deliver to its people and families.

The Trust has built on existing strong relationships with our RN charity partners. This year has seen a MoU developed with RNRMC to cement the collaborations between both charities, as well as the Trust joining the Silver Bridge Corporate Partnership.

RNRMC have funded an office redevelopment to house a new office space for their on-site Transition Support Guide (TSG) and a new China Fleet Trust office, which is due to open in July 2022. This office will enable other RN charities to operate pop-ups and provide tangible benefit for our mutual beneficiaries. The RNRMC also enabled 24 in number 3-night breaks to be offered to families of serving individuals under the banner of Reward, Recognition and Respite. This pilot scheme has enabled Command teams to recognise exceptional endeavour or, equally provide some respite for those who may be struggling with family or service life. This pilot has proven to be popular and there is an aspiration to secure funding to make this an enduring offer.

The Board of Trustees has been resolute this year with no changes to report. A succession plan is evolving for the Trust Chairman who is due to end his tenure during the coming financial year, with an aspiration for a handover to take place in December 2022.

The reinvigoration of the Beneficiary Committee is ongoing and was precipitated by the impacts of CV19 and the reassignment of previous incumbents. It was decided to take stock and provide a new set of TsOR for the Committee, to enable them to add value and hold the Trust and Company to account on matters concerning beneficiaries. As part of this process the Committee will be streamlined to a chosen 25 representatives from the major units, establishments and supporting partners of the RN family.

FINANCIAL REVIEW

a. Financial Review

The Trustees present their report and financial statements for year ended 31 May 2022.

The recovery witnessed over this financial year has heralded the enterprise's best set of financial figures in terms of revenue and profit generation. The total Income for the year is £6,213,870 compared to £3,309,309 in 2021. Within total Income is the China Fleet Country Club Limited (the Company), carries out non charitable trading activities for the

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Charity. The Company generated sales (net of Trust) of £5,103,910 (2021 £2,003,677), generating a profit of £760,000 (2021: LOSS £356,786). This will represent a potential Gift Aid to the Trust of £391,616 (2021: £Nil). This is the Company's highest provision of Gift Aid to the Trust and a remarkable achievement considering that the previous year's loss had to be considered. As consolidated accounts are disclosed this Gift Aid is not apparent as it is eliminated when the accounts of the Company and Trust are consolidated.

The Trust report a positive net movement in funds of £638,148 (2021 Loss £560,629). The consolidated cash at bank at the year-end is £1,113,679 (2021: 662,937).

Throughout this year of unprecedented trading, the enterprise has strived to pay down some of the debt accrued from accessing the support for businesses to ease the financial impacts of the CV19 on the leisure sector. The Coronavirus Business Interruption Loan Scheme (CBILS) loan has been reduced steadily with monthly payments and several lump sum reductions and as of the year end stood at £310,989 outstanding (2021: £500,000). When added to the long-term HSBC business loan of £459,199 outstanding as of the year end (2021: £534,050), and other smaller loans, the overall debt for the enterprise now stands at £809,877 (2021: £1,058,501).

The Trust commissions Sarasin and Partner LLP to manage its main assets, the long and medium-term investment portfolios. The Trust gains regular updates from the portfolio management team, who attend Trust meetings to talk through performance. This year has been particularly challenging for the markets, and this has seen the portfolio value drop in value 2.6% over the financial year. Although sub-optimal in the short term, the Trust retains full confidence in the management of the accounts by Sarasin and Partner and are assured that the current downturn will be overcome in the long term. Benchmarking of performance is regularly monitored to ensure that the Trust is receiving the best possible return on investment. At the year-end investments at market value stood at £953,315 (2021: £827,592). The growth in the year was funded by £150,000 being re-invested from liquid funds.

Total Reserves now stand at £9,233,621 (2021: £8,595,473) of which £335,831 (2021: £200,119) are restricted funds. Of the £8,897,790 (2021: £8,395,354) in Unrestricted Reserves, designated reserves stand at £8,777,790 (2021: £8,395,534), with £120,000 (2021: NIL) as general unrestricted reserves.

Several grants have been secured from our charity partners over the financial year:

- £7,032 from RNRMC for Reward, Recognition and Respite breaks for serving beneficiaries
- £38,897 from RNRMC to fund office complex development. Providing new Trust office and RNRMC office and supporting communal area
- £108,528 from Nuffield Trust via RNRMC for a glazing project in the main complex – due to commence Sep 22

b. Going Concern

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

The Trustees measurement of Going Concern as alluded to last year have been found to be correct in that the Company and enterprise, as a whole, has now recovered well from

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a loss making previous financial year and posted a record year of revenue and profit generation.

Trustees are aware that an element of the buoyant financial recovery is due to the immediate post Pandemic reaction of members and beneficiaries and also to a suppressed employee wage bill whilst recruiting efforts were underway.

The Trustees remain confident that the Going Concern of the enterprise remains credible, although all are cognisant of the many challenges to be faced in the coming financial year; cost of living, impacts of the war in Ukraine, inflation, utility bill costs.

Going Concern of the enterprise is assessed and recorded at each Trust meeting and the forecasts for this coming financial year provide sufficient evidence for there to be no concerns that the business remains viable and in good shape to deal with any possible scenarios that may present.

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 infrastructure, fabric and plant licensed by the Company.
- To cover the need to finance the evolution and development of the facility to create new and innovative income streams.
- To provide a financial buffer against a slump in the economic marketplace resulting in a dramatic fall in the market value of the investments.
- To provide for a contingency for the Company should it become necessary.

The Trustees consider a target sum between £1,500,000 to £2,000,000 would be sufficient for these purposes. At the year-end these designated reserves stood at £8,777,790 (2021: £8,395,354). This Reserves policy is subject to continued ongoing review.

As of 31 May 2022, the designated unrestricted investment reserve was £8,777,790 (2021: £8,395,354). Freehold property within tangible fixed assets stand at a net book value of £8,281,254 (2021: £8,362,499), within total tangible fixed assets of £8,825,274 (2021: £8,963,347).

PLANS FOR THE FUTURE

Trustees continue to map the enterprise's full recovery from the impacts of the CV19 Pandemic in terms of reserves rebuilding and debt reduction, which has constrained spending over the last few years. The Strategic direction continues to remain cautious in its approach to expenditure, but with a good financial year under its belt the Trust is starting to look ahead once more at the requirements for capital expenditure in the coming years. The key areas for investment remain:

- Re-build reserves to previously agreed figure - £1.5m to £2m reserve requirement
- Further pay down debt – CBILS
- Provide budget approval to ensure sufficient Capital Expenditure and R&R is in place to retain the standard of facilities and offerings
- Assess any new Capital Expenditure in terms of beneficiary need ensuring it meets with our Charitable Objectives

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FOR THE YEAR ENDED 31 May 2022**

- Continue to realise Beneficiary Usage growth and ensure that this level exceeds the target of 40% increase above the pre CV19 benchmark
- Continue to be relevant and viable proposition for our beneficiaries and their families
- Continue to learn from the experience and implement LIs into future Risk Management
- Commence a reglazing project for the main Club complex, with funding support from the Nuffield Trust via RNRMC.
- Scope, gain funding for and implement a pilot to introduce serving beneficiary family accommodation for separated serving personnel who gain access to their children occasionally and who have nowhere to accommodate them other than SLA on their establishment

Longer Term Aspirations

- Study the outcomes of the accommodation feasibility studies and decide when the right time will be to move forward with the aspiration to increase our accommodation offering, utilising some of the under used land more efficiently – accommodation occupancy rates remain high and indicate additional capacity could be advantageous
- Increase the enterprise's green credentials; further increase access to greener sources of energy; work towards carbon net zero targets; understand our Biodiversity Net Gain position to assist with any future expansion plans

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 3 February 2020.

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 current Trustees are listed above.

The Trust operate a Governance and Remuneration (G&R) Committee to advise the wider Trust Board on matters of Governance and Remuneration. This Committee is made up of a minimum of three unconflicted Trustees. This Committee does not absolve the wider Trustees of their responsibilities towards overall Governance of the Charity.

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 nonexclusive licence and operating 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 Company, with any variations signed by both parties and filed with the Trust's solicitors

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 May 2022**

(Variation Agreement dated 1st January 2022). Mr Robert Baldry is currently the non-executive chairman of the Board of Directors of the Company.

The China Fleet Country Club Beneficiaries Committee (BenCom) is chaired by a Serving Trustee, Warrant Officer First Class Paul Todd, who also attends the Company board meetings. Mr Dean Bennett (Company MD) attends meetings of the Trustees and meetings of the China Fleet Country Club BenCom.

The Trust has adopted the Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102 Jan 2022 edition).

b. Risk Management

The Trustees meet regularly to assess business risks and implement risk management strategies. This process is managed by a Governance and Remuneration committee. 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 with the Company Risk Register. The Trustees are pleased to report that the Charity's internal financial controls 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 have been fully tested during the CV19 Pandemic and the Trust are confident that the systems in place are sufficiently robust to enable the Trust to deal with any emerging and unexpected situations.

c. Remuneration

The Trust's only salaried employee, the Chief Executive is appraised annually by the Chairman of the Trustees and one other Trustee with recommendations made to the Governance and Remuneration Committee for the approval of any rise in salary.

Senior Company staff, including the NE Chairman, are also appraised annually and recommendations for their remuneration are also presented to Trustees for approval via the Governance and Remuneration Committee and detailed within the annual budget.

d. Other Relevant Sources of Professional Advice

Investment Managers – Sarasin and Partners LLP. This company manages the Trust's long-term and medium-term investment portfolios. Address – Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.

Trust Accountant – Wills Accountants Limited. Address – 2 Endeavour House, Parkway Court, Longbridge Rd, Plymouth, PL6 8LR.

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).

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 May 2022**

Company law requires the Trustees to prepare financial statements for each financial. 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.
- 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held as custodian trustee on behalf of another entity.

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, and
- the enterprise, that is the Charity and its wholly owned trading subsidiary, remains a viable Going Concern.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 May 2022

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:

Signature:



Date:

2/12/22

Rear Admiral M G Wood CBE, DL, JP
Chairman of the Trustees
China Fleet Trust

**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 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Statement of Financial Position, the Charity Statement of Financial Position, 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 2022 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance;
- We have considered the results of enquiries with management and trustees in relation to their own identification and assessment of the risk of irregularities within the Group;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- We have identified any matters having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - o Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - o The internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to income recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act, Charities Act 2011, Charity SORP 2019 and FRS 102.

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation and food hygiene legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Performing detailed transactional testing in relation to the recognition of income, specifically grants with a particular focus around year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

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

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

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in financial statements or non-compliance with regulation, will be detected by us. The risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one-off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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: 7/12/22

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MAY 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	160,458	154,458	314,916	50,125
Charitable activities	5	735,020	4,689	739,709	1,205,236
Other trading activities		5,113,879	-	5,113,879	2,003,677
Investments	6	45,366	-	45,366	50,271
Total income		6,054,723	159,147	6,213,870	3,309,309
Expenditure on:					
Raising funds		4,372,872	-	4,372,872	3,160,933
Charitable activities	7	1,137,179	23,435	1,160,614	819,882
Total expenditure		5,510,051	23,435	5,533,486	3,980,815
Net income/(expenditure) before net (losses)/gains on investments		544,672	135,712	680,384	(671,506)
Net (losses)/gains on investments		(42,236)	-	(42,236)	110,877
Net movement in funds before other recognised gains		502,436	135,712	638,148	(560,629)
Net movement in funds		502,436	135,712	638,148	(560,629)
Reconciliation of funds:					
Total funds brought forward		8,395,354	200,119	8,595,473	9,156,102
Net movement in funds		502,436	135,712	638,148	(560,629)
Total funds carried forward		8,897,790	335,831	9,233,621	8,595,473

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

The notes on pages 20 to 39 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	8,848,589	8,963,347
Investments	13	953,316	827,594
		<u>9,801,905</u>	<u>9,790,941</u>
Current assets			
Stocks	14	116,770	94,198
Debtors	15	229,730	96,662
Cash at bank and in hand		1,113,679	662,937
		<u>1,460,179</u>	<u>853,797</u>
Creditors: amounts falling due within one year	16	(1,382,005)	(1,170,841)
Net current assets/(liabilities)		<u>78,174</u>	<u>(317,044)</u>
Total assets less current liabilities		<u>9,880,079</u>	<u>9,473,897</u>
Creditors: amounts falling due after more than one year	17	(646,458)	(878,424)
Total net assets		<u><u>9,233,621</u></u>	<u><u>8,595,473</u></u>
Charity funds			
Restricted funds	18	335,831	200,119
Unrestricted funds	18	8,897,790	8,395,354
Total funds		<u><u>9,233,621</u></u>	<u><u>8,595,473</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:


Rear Admiral M G Wood CBE, DL

Date: 2/12/22

The notes on pages 20 to 39 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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	8,825,279	8,963,347
Investments	13	954,316	828,594
		<u>9,779,595</u>	<u>9,791,941</u>
Current assets			
Debtors	15	525,989	17,881
Cash at bank and in hand		233,008	358,329
		<u>758,997</u>	<u>376,210</u>
Creditors: amounts falling due within one year	16	(952,660)	(776,532)
Net current (liabilities)		<u>(193,663)</u>	<u>(400,322)</u>
Total assets less current liabilities		<u>9,585,932</u>	<u>9,391,619</u>
Creditors: amounts falling due after more than one year	17	(388,674)	(463,525)
Total net assets		<u><u>9,197,258</u></u>	<u><u>8,928,094</u></u>
Charity funds			
Restricted funds	18	335,831	200,119
Unrestricted funds	18	8,861,427	8,727,975
Total funds		<u><u>9,197,258</u></u>	<u><u>8,928,094</u></u>

The Charity's net movement in funds for the year was £(122,452) (2021 - £(203,843)).

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:


Rear Admiral M G Wood CBE, DL

Date: 2/12/22

The notes on pages 20 to 39 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 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	21	1,007,833	(238,337)
Cash flows from investing activities			
Purchase of tangible fixed assets		(180,588)	(167,845)
Proceeds from sale of investments		14	400,094
Purchase of investments		(167,970)	(36,422)
Investment Income received		45,366	50,271
Net cash (used in)/provided by investing activities		(303,178)	246,098
Cash flows from financing activities			
Repayments of borrowing		(253,913)	(37,432)
Net cash used in financing activities		(253,913)	(37,432)
Change in cash and cash equivalents in the year		450,742	(29,671)
Cash and cash equivalents at the beginning of the year		662,937	692,608
Cash and cash equivalents at the end of the year	22	1,113,679	662,937

The notes on pages 20 to 39 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 2022**

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.

The financial statements are presented in pounds sterling as that is considered to be the entities' functional currency and are rounded to the nearest £.

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 Charity has net current liabilities at the year end of £193,655. Within current liabilities is deferred income of £538,476 (see Note 17), this will be recognised as income on the Statement of Financial Activities within the next 12 months as the service is delivered. Accounting standards dictate that deferred income is shown within current liabilities.

As it is unlikely these amounts will be repaid the true position if deferred income were excluded would be net current assets of £344,821 (2021 - £ 160,279).

The Trustees are regularly briefed by the Company's Managing Director with departmental performance reports, beneficiary usage and cash flow forecasts that provide evidence so that the Trustees can be satisfied that the Charity and its wholly owned trading subsidiary remain a going concern. This is supported by a glance into the next FY which shows a continued recovery. As a result of the profit in the trading subsidiary, in the year a donation of £391,616 was made to the Charity.

The Trustees consider the Group and Charity is a going concern for this reason.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES (continued)

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.

2.4 INCOME

All income is recognised once the Group 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES (continued)

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
Plant and machinery	- 16% straight line
Motor vehicles, tractors & mowers	- 20% straight line
Fixtures, fittings and equipment	- 15% - 33% straight line
Timeshares	- 2% straight line/over the term of the ownership

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES (continued)

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.

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 Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The 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 are discussed below.

Critical areas of judgement:

Deferred Income - this relates to membership fees paid for a period which spans the year end.

Investment valuation - in relation to the value of the investments held at year end.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Grants	160,458	154,458	314,916
		Unrestricted funds 2021 £	Total funds 2021 £
Grants		50,125	50,125

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Direct charitable income from beneficiaries	735,020	-	735,020
COVID Relief grants	-	4,689	4,689
TOTAL 2022	735,020	4,689	739,709
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Direct charitable income from beneficiaries	424,866	-	424,866
COVID Relief grants	-	780,370	780,370
TOTAL 2021	424,866	780,370	1,205,236

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

6. INVESTMENT INCOME

	Unrestricted funds 2022 £	Total funds 2022 £
Investment income	45,366	45,366
	Unrestricted funds 2021 £	Total funds 2021 £
Investment income	50,271	50,271

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Direct charitable cost for beneficiaries	1,137,179	23,435	1,160,614
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Direct charitable cost for beneficiaries	29,720	790,162	819,882

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2022 £	Total funds 2022 £
Direct charitable cost for beneficiaries	1,160,614	1,160,614

	Activities undertaken directly 2021 £	Total funds 2021 £
Direct charitable cost for beneficiaries	819,882	819,882

ANALYSIS OF DIRECT COSTS

	Direct charitable income 2022 £	Total funds 2022 £
Staff costs	523,912	523,912
Depreciation	177,823	177,823
Other operating charges	457,519	457,519
Governance costs	1,360	1,360
	1,160,614	1,160,614

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS (continued)

	Direct charitable income 2021 £	Total funds 2021 £
Staff costs	284,521	284,521
Depreciation	268,256	268,256
Other operating charges	261,337	261,337
Governance costs	5,768	5,768
	<u>819,882</u>	<u>819,882</u>

9. NET INCOME/(EXPENDITURE)

	2022 £	2021 £
Depreciation of tangible fixed assets - owned	280,426	268,256
Auditor's remuneration - audit	3,875	5,100
Auditors' remuneration - other services	9,825	7,475
Operating lease rentals	268,999	141,787
	<u>563,125</u>	<u>422,618</u>

10. STAFF COSTS

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Wages and salaries	2,372,846	2,081,763	357,480	260,087
Social security costs	268,920	137,678	123,805	18,347
Other pension costs	91,128	42,169	42,626	6,087
	<u>2,732,894</u>	<u>2,261,610</u>	<u>523,911</u>	<u>284,521</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

10. STAFF COSTS (CONTINUED)

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

	Group 2022 No.	Group 2021 No.	Charity 2022 No.	Charity 2021 No.
Apartments	26	16	-	-
Golf	17	16	-	-
Leisure	73	65	-	-
Food and beverage	65	47	-	-
Administration and establishment	41	42	1	1
	222	186	1	1

The average headcount expressed as full-time equivalents was:

	Group 2022 No.	Group 2021 No.	Charity 2022 No.	Charity 2021 No.
Total	115	88	1	1

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

	Group 2022 No.	Group 2021 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 £318,072 (2021: £350,243).

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, 2 Trustees (2021 - 3) received remuneration totalling £13,750 (2021: £23,767) 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 (2021 - £NIL).

During the year ended 31 May 2022, expenses totalling £Nil were reimbursed to Trustees (2021 - £Nil to Trustees).

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

12. TANGIBLE FIXED ASSETS

GROUP AND CHARITY

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Timeshares £	Total £
COST OR VALUATION						
At 1 June 2021	8,928,543	-	138,570	2,030,712	21,210	11,119,035
Additions	48,053	27,972	-	104,563	-	180,588
Disposals	-	-	(22,902)	(27,714)	(12,210)	(62,826)
At 31 May 2022	8,976,596	27,972	115,668	2,107,561	9,000	11,236,797
DEPRECIATION						
At 1 June 2021	566,045	-	138,546	1,438,032	13,065	2,155,688
Charge for the year	129,298	4,662	24	146,103	339	280,426
On disposals	-	-	(22,902)	(18,894)	(6,110)	(47,906)
At 31 May 2022	695,343	4,662	115,668	1,565,241	7,294	2,388,208
NET BOOK VALUE						
At 31 May 2022	8,281,253	23,310	-	542,320	1,706	8,848,589
At 31 May 2021	8,362,498	-	24	592,680	8,145	8,963,347

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

12. TANGIBLE FIXED ASSETS (CONTINUED)

GROUP AND CHARITY (CONTINUED)

The plant and machinery total above relates solely to China Fleet Country Club Limited. The remainder relates to the Trust.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

13. FIXED ASSET INVESTMENTS

GROUP	Listed investments £
COST OR VALUATION	
At 1 June 2021	827,592
Additions	167,970
Disposals	(14)
Revaluations	(42,232)
AT 31 MAY 2022	953,316
†	
NET BOOK VALUE	
AT 31 MAY 2022	953,316
AT 31 MAY 2021	827,592

CHARITY	Investments in subsidiary companies £	Listed investments £	Total £
COST OR VALUATION			
At 1 June 2021	1,000	827,592	828,592
Additions	-	167,970	167,970
Disposals	-	(14)	(14)
Revaluations	-	(42,232)	(42,232)
AT 31 MAY 2022	1,000	953,316	954,316
NET BOOK VALUE			
AT 31 MAY 2022	1,000	953,316	954,316
AT 31 MAY 2021	1,000	827,592	828,592

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

14. STOCKS

	Group 2022 £	Group 2021 £
Raw materials and consumables	12,066	8,745
Finished goods and goods for resale	104,704	85,453
	<u>116,770</u>	<u>94,198</u>

15. DEBTORS

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
DUE WITHIN ONE YEAR				
Trade debtors	17,751	9,511	-	-
Other debtors	211,979	87,151	525,989	17,881
	<u>229,730</u>	<u>96,662</u>	<u>525,989</u>	<u>17,881</u>

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Bank loans	158,129	180,076	70,525	70,525
Trade creditors	293,582	201,822	388	1,476
Amounts owed to group undertakings	-	-	877,157	700,528
Other taxation and social security	116,355	103,558	-	-
Other creditors	66,228	39,692	-	-
Accruals and deferred income	747,711	645,693	4,590	4,003
	1,382,005	1,170,841	952,660	776,532
			Group 2022 £	Group 2021 £
Deferred income at 1 June 2021			477,323	326,694
Resources deferred during the year			538,476	477,323
Amounts released from previous periods			(477,323)	(326,694)
Deferred income at 31 May 2021			538,476	477,323

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

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

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Bank loans	646,458	878,424	388,674	463,525

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18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 June 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2022 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Designated Funds	767,023	25,769	-	205,179	(42,236)	955,735
Freehold Property	7,628,331	-	(142,937)	336,661	-	7,822,055
	<u>8,395,354</u>	<u>25,769</u>	<u>(142,937)</u>	<u>541,840</u>	<u>(42,236)</u>	<u>8,777,790</u>
GENERAL FUNDS						
General Funds	-	6,028,954	(5,367,114)	(541,840)	-	120,000
TOTAL UNRESTRICTED FUNDS	<u>8,395,354</u>	<u>6,054,723</u>	<u>(5,510,051)</u>	<u>-</u>	<u>(42,236)</u>	<u>8,897,790</u>
RESTRICTED FUNDS						
LIBOR Grant - Capital	37,592	-	(3,048)	-	-	34,544
RNRMC Grant - Capital	162,527	154,458	(15,698)	-	-	301,287
COVID Relief Grants	-	4,689	(4,689)	-	-	-
	<u>200,119</u>	<u>159,147</u>	<u>(23,435)</u>	<u>-</u>	<u>-</u>	<u>335,831</u>
TOTAL OF FUNDS	<u>8,595,473</u>	<u>6,213,870</u>	<u>(5,533,486)</u>	<u>-</u>	<u>(42,236)</u>	<u>9,233,621</u>

Designated Funds - represents funds allocated for the replacement, long term maintenance and improvements of buildings and equipment in line with the reserves 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.

COVID Relief Grants represent CJRS funding to support the group through COVID.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

18. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 June 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2021 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Designated Funds	1,364,134	30,057	-	(738,045)	110,877	767,023
Freehold Property	7,582,057	-	(117,584)	163,858	-	7,628,331
	<u>8,946,191</u>	<u>30,057</u>	<u>(117,584)</u>	<u>(574,187)</u>	<u>110,877</u>	<u>8,395,354</u>
GENERAL FUNDS						
General Funds	-	2,498,882	(3,073,069)	574,187	-	-
TOTAL UNRESTRICTED FUNDS	<u>8,946,191</u>	<u>2,528,939</u>	<u>(3,190,653)</u>	<u>-</u>	<u>110,877</u>	<u>8,395,354</u>
RESTRICTED FUNDS						
LIBOR Grant - Capital	40,640	-	(3,048)	-	-	37,592
RNRMC Grant - Capital	169,271	-	(6,744)	-	-	162,527
COVID Relief Grants	-	780,370	(780,370)	-	-	-
	<u>209,911</u>	<u>780,370</u>	<u>(790,162)</u>	<u>-</u>	<u>-</u>	<u>200,119</u>
TOTAL OF FUNDS	<u><u>9,156,102</u></u>	<u><u>3,309,309</u></u>	<u><u>(3,980,815)</u></u>	<u><u>-</u></u>	<u><u>110,877</u></u>	<u><u>8,595,473</u></u>

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19. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 June 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2022 £
Designated funds	8,395,354	25,769	(142,937)	541,840	(42,236)	8,777,790
General funds	-	6,028,954	(5,367,114)	(541,840)	-	120,000
Restricted funds	200,119	159,147	(23,435)	-	-	335,831
	<u>8,595,473</u>	<u>6,213,870</u>	<u>(5,533,486)</u>	<u>-</u>	<u>(42,236)</u>	<u>9,233,621</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 June 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2021 £
Designated funds	8,946,191	30,057	(117,584)	(574,187)	110,877	8,395,354
General funds	-	2,498,882	(3,073,069)	574,187	-	-
Restricted funds	209,911	780,370	(790,162)	-	-	200,119
	<u>9,156,102</u>	<u>3,309,309</u>	<u>(3,980,815)</u>	<u>-</u>	<u>110,877</u>	<u>8,595,473</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	8,512,758	335,831	8,848,589
Fixed asset investments	953,316	-	953,316
Current assets	1,460,179	-	1,460,179
Creditors due within one year	(1,382,005)	-	(1,382,005)
Creditors due in more than one year	(646,458)	-	(646,458)
TOTAL	<u>8,897,790</u>	<u>335,831</u>	<u>9,233,621</u>

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FOR THE YEAR ENDED 31 MAY 2022

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	8,763,228	200,119	8,963,347
Fixed asset investments	827,594	-	827,594
Current assets	853,797	-	853,797
Creditors due within one year	(1,170,841)	-	(1,170,841)
Creditors due in more than one year	(878,424)	-	(878,424)
TOTAL	8,395,354	200,119	8,595,473

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

	Group 2022 £	Group 2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	638,148	(560,629)
ADJUSTMENTS FOR:		
Depreciation charges	280,426	268,257
Gains/(losses) on investments	42,232	(107,939)
Investment income	(45,366)	(50,271)
Profit on the sale of fixed assets	14,920	212
(Increase)/decrease in stocks	(22,572)	3,454
(Increase) in debtors	(133,068)	(13,610)
Increase in creditors	233,113	222,189
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	1,007,833	(238,337)

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FOR THE YEAR ENDED 31 MAY 2022

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2022 £	Group 2021 £
Cash in hand	1,113,679	662,937
TOTAL CASH AND CASH EQUIVALENTS	1,113,679	662,937

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 2021 £	Cash flows £	At 31 May 2022 £
Cash at bank and in hand	662,937	450,742	1,113,679
Debt due within 1 year	(180,076)	21,947	(158,129)
Debt due after 1 year	(878,424)	231,966	(646,458)
	(395,563)	704,655	309,092

24. 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 (2020 - £37,157). Contributions totalling £7,023 (2020: £8,250) were payable to the fund at the balance sheet date and are included in creditors.

25. OPERATING LEASE COMMITMENTS

At 31 May 2022 the Group had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	189,889	141,787
Later than 1 year and not later than 5 years	533,264	261,708
	723,153	403,495

China Fleet Country Club Ltd entered into an operating lease on 11 May 2022 for 165kWp array of solar panels which will save 95,000kg of carbon per year and will provide 16% of the club's total energy requirements. The total cost over six years is £146k.

**CHINA FLEET TRUST
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26. 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, trustees of the Charity, were paid £13,000 (2021: £12,413), £750 (2021: £600) and £Nil (2021: £10,754) respectively for their roles as non executive directors of the China Fleet Country Club Limited, a 100% subsidiary of the China Fleet Trust.

27. CONTROLLING PARTY

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

28. 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	5,127,472	(4,366,872)	760,600	37,363