

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 2021

**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 2021**

Trustees	R/Admiral M G Wood CBE, DL, Chairman Mrs S Adkins Mr R Baldry Mr A Camp Mr I Douglas Lt Cdr Rebecca French RN (appointed 15 February 2021) Lt Cdr Claire Lees RN (appointed 19 February 2021) Mr M Dukes Warrant Officer First Class Paul Todd (appointed 15 April 2021) Major Steve Cox RM (appointed 2 July 2020) Commander J Sheriff MBE (resigned 10 December 2020) Warrant Officer G Hannah (resigned 14 April 2021) Mr C Green (resigned 30 October 2020) Major T Smith RM (resigned 31 July 2020)
Company registered number	07100967
Charity registered number	1135918
Chief executive officer	Mr G C Hannah (appointed wef 15 April 2021) Mr A Sharpe MBE (Resigned as Chief Executive wef 15 Apr 2021)
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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MAY 2021**

The Trustees present their annual report together with the audited financial statements of the Charity for the period 1 June 2020 to 31 May 2021. 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 1 January 2019).

CHAIRMAN'S REPORT

This reporting period has seen the extreme impacts of Covid 19 effect the Charity and its wholly owned trading subsidiary's ability to operate due to the mandatory Covid restrictions and closures which have impacted the business throughout the financial year. This unprecedented event has had an enduring impact on the financial affairs described throughout this report.

On the 1st of June 2020 the Charity and its trading subsidiary (the Company) experienced the start of the financial year with most of our facilities in lockdown, with only the golf course open at this point. Lockdown restrictions started to ease with further areas of the estate gradually opening through June and July 2020. The main hotel opened for accommodation on the 4th of July 2020. Local lockdowns in Devon provided a challenge for the Company staff who had to monitor and implement different requirements for our beneficiaries and members using the Club from areas outside of Cornwall. The main recreation facilities opened on the 25th of July 2020; this was followed by the Brasserie restaurant opening on the 3rd of August 2020. Social distancing measures, strict Covid safe protocols and restrictions on numbers in each facility were fastidiously supervised and enforced by our Company staff.

The second national lockdown occurred on the 5th of November 2020 and the Club acted swiftly with a well-rehearsed operating procedure to close the Club safely and with minimum fuss once more. At this point most of the 200 staff were once again placed on furlough until the easing of the second lockdown on the 2nd of December 2020. A third national lockdown was implemented on the 4th of January 2021 where the Club once again closed, this time for a longer period. It was not until late March 2021 that the facilities started to re-emerge from the forced closure. Golf once again led the recovery re-opening on the 29th of March 2021, with the outdoor cabin facilities opening shortly after on the 1st of April 2021. The main facilities of the Club have continued to open in line with the HM Government's guidance. The Company had proposed a comprehensive 4 phased re-opening plan to Trustees during this time which Trustees subsequently examined and approved prior to each phase. As of 31 May 2021, the Club continues to operate with some Covid restrictions still in place.

During the near 6-month period of closure and remainder of the year operating under Covid secure restrictions, these factors have led to turnover forecasts being revised from an expected £4.5m to a recognised figure somewhere nearer £2.49m. Clearly this loss of revenue has led to a change of tack in terms of Strategic intent and some difficult decisions made in terms of financial expenditure priorities.

During this year of turmoil and uncertainty for the Charity the focus of the Trust remained on supporting the Company through the agreed strategy to maximise financial assistance offered by HM's Government (HMG) whilst minimising overheads such as staff costs, maintenance, services and produce. The Trust's direction was articulated at the Company Board meetings as well as via a newly adapted senior management meeting, known as the '2 x 2' which saw the Trust's Chairman and CEO meet with the Company's Chairman and Managing Director on a fortnightly basis. These meetings reinforced the already strong working relationship between the Charity and its trading subsidiary and meant that a cohesive approach evolved to deal with the impacts of the pandemic at every stage. The new Strategic direction that emerged from these discussions to mitigate to as low as reasonably practicable the impacts of the Pandemic was that once we emerged from Covid operating restrictions the focus should be on financial recovery, thus strict limits on spending and a moratorium on CAPEX projects was imposed. This had a direct impact on our stated ambitions for growth as articulated in the extant Strategic Plan (SP), which was subsequently placed in abeyance. The Trust quickly realised the need to reframe its SP to recognise the financial recovery requirements, post Covid changes to the leisure industry and subsequent impacts on our beneficiaries. This detailed work is now underway and will

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021**

culminate in a new Strategic Plan, agreed by both Trustees and Company Directors, by the planned Trust Board meeting in November.

Within this new strategic direction, the Trust understood that beneficiary usage recovery would be particularly challenging when taken in context with the requirement to increase usage beyond the February 2020 figure (Approx. 23%). Accordingly, the balance of Trustees was adjusted with 3 new serving Trustees appointed to enhance the impressive credentials of the Trust board. There is now a satisfactory blend of civilian industry, legal, banking, and military experience held within the Trust. A 5-year succession plan tracks and forecasts Trustee appointments, scoring key attributes to ensure the Trust retains the right blend of continuity and fresh initiative. There had been prolonged periods of disruption caused by the availability of the then CEO, which were compensated for in part by the efforts of the Chairman of the Trustees and by the temporary appointment of a deputy CEO. This ultimately resulted in a decision by the previous CEO to resign due to factors beyond his control. After 8 years as CEO the Trust was saddened to learn of the resignation, but quickly managed to recruit an extremely credible replacement with no real loss in continuity observed and many gains in terms of currency and beneficiary knowledge.

The Trust has been proactive in the delivery of greater beneficiary awareness and engagement with the Royal Navy. A prolonged period of lobbying to secure an affiliation was rewarded with a rare affiliation being granted to the Trust with HMS TAMAR by the Fleet Commander. As the Covid restrictions begin to ease within the RN estate, a series of senior leaders and key influencers have been engaged and visited the Club. These visits help to keep the Club at the front and centre in the minds of our beneficiaries, help us to understand the complex and changing operational patterns of our beneficiary cadre and enable us to better understand the needs of our beneficiaries and their families. This all ensures that the Charity remains current, credible and delivers against our charitable object.

The Trust has exerted greater pressure on the Company to enhance its beneficiary marketing and engagement capability and articulate a realistic and deliverable beneficiary marketing plan with adequate funding budgeted. The Trust has initiated a new Beneficiary Engagement and Usage Committee chaired by the Trust CEO to assess and hold to account expected performance in this domain, capitalising on the KPI information as presented by the new data capture system Power BI.

Although the focus of the Trust and Company has been on dealing with the emergent requirements of its response to the global Pandemic on an operational front, the Trust retained its future vision maintaining an eye on post Pandemic recovery and its future aspirations. This led to the Trust commissioning 4 Sub Working Groups to investigate and report on the following key topics:

- TSWG 01-20 Review of the Beneficiary Offering
- JSWG 05-20 Feasibility of River Tamar Site for Accommodation
- JSWG 06-20 Spare Land Utilisation
- JSWG 08-20 Opportunities to Increase Leisure / Sport Offering

The results of these studies will help to underpin the new Strategic Plan being developed and shows the Trust's belief that the impacts of the Pandemic will be short lived, with an expectation that a return to 'business as usual' will occur within the next 12 to 24 months.

The Trust continues to be more involved in the military charity sector retaining its membership of Cobseo and forging an ever-closer relationship with the RNRMC. On the latter, several key collaborations have evolved over the course of this reporting year; a developing closer joint marketing strategy, support of RNRMC's Transition Support Guide initiative, funding additional beneficiary reward and recognition breaks. RNRMC has chaired a monthly RN charity CEO meeting during the Pandemic which has proved to be a helpful forum for sharing best practice, enabling strategic discussions for like-minded charities, and ensuring a cohesive approach was adopted across the sector.

Whilst there is still much ground to recover, the impact of Covid on the business was minimised through effective and proactive management by the Trust and Company, and this combined enterprise has emerged

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021**

having proven its robustness and resilience. The Charity is poised to recover and then prosecute its growth ambitions.

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 Auxiliary 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.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

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

The 2020 to 2025 Strategic Plan recognised that the financial stability of the Charity is dependent upon the good husbandry of the Charity's own assets and the profitability and commerciality of its trading subsidiary. This Strategic plan was held in abeyance through the periods of closure due to the need to adapt to the evolving pace of restrictions and conditions of service as required in response to the Pandemic. This necessitated regular Trust and Company management '2 x 2' meetings being held to deal with a more operational focus required by the Covid situation. These meetings have been pivotal to maintaining the required oversight by the Charity and its Company and will now remain as a best practice initiative, albeit at a reduced periodicity moving forward.

The focus of the Trust remained on supporting the Company in its strategy to maximise financial assistance offered by HMG, whilst minimising overheads; staff, maintenance etc. Maintaining Club cashflow remained the immediate priority and the Company directors responded quickly to initiate HM Government's financial support measures, which in turn alleviated pressure on cashflow.

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FOR THE YEAR ENDED 31 MAY 2021**

Each phase of re-opening was proposed by the Company, via a road map of risk assessments and advice from SME before being approved by Trustees. This process was proven to be very effective and ensure that due diligence had been considered and achieved before every change in operational activity commenced.

The Company utilised the furlough scheme to retain around 170 of 200 employees throughout the year on a mix of flexi and full furlough in line with the various periods of closure and partial re-opening. Recruitment of employees has been underway since Apr 21, and like many other employers in the sector, have found this element challenging. Proactive HR oversight by directors has ensured staffing levels have endured and prevented unnecessary closures of attractions or facilities.

The Company continues to carefully manage its workforce and resources to ensure that costs are minimised whilst continuing to deliver a safe and high-quality service within HMG's guidelines. This has been appreciated by members and has generated a great deal of positive PR, which has seen several new members joining from other facilities.

The Club membership, both beneficiaries and public have remained loyal to the Club during the Pandemic, with many choosing to maintain their fees throughout.

The Club assisted the NHS mass vaccination roll out with the China Fleet venue used as a vaccination site from January 2021 to the 31st of May 21. During this period more than 89,000 personnel received their Covid vaccination at the Club. This endeavour received accolades from many avenues and should help draw in new members who were impressed with the facilities whilst they attended to receive their jabs.

The pathway to full re-opening is underway and it is hoped that a full summer of trading will occur. Advanced bookings are indicative of a swift recovery and bodes well for the next financial year.

b. China Fleet Trust

The Charity instigated a new Beneficiary Engagement and Usage Committee (BEUC) with the goal of increasing beneficiary usage by 40% over pre-Covid 19 levels set against a Feb 20 baseline over the next 5 years. This committee and both the Trust and Company boards will assess the effectiveness of the Company's performance as measured against a series of agreed KPIs and the beneficiary marketing plan.

The Chairman of the Trustees secured an affiliation from the Fleet Commander with one of the Royal Navy's newest and greenest warships, HMS TAMAR. The Batch 2 OPV carries a historic name for the China Fleet Trust, being that HMS TAMAR was where the Club first evolved in Hong Kong and the fact that the current China Fleet Club is situated on the banks of the River Tamar in Cornwall. This affiliation affirms the Club's relevance and credibility with the current generation of Royal Navy personnel.

4 new attractions were opened during this financial year, some of which had been commissioned during the previous FY, however delayed due to the early impacts of the Pandemic:

- A new 18-hole adventure golf course opened in September 2020
- A new outdoor eatery 'The Cabin' opened in August 2020
- A new Woodland Trail experience opened in June 2020
- TopTracer Technology introduced at the Driving Range opened May 2021

A Royal Navy senior leaders awareness campaign is now under way to showcase the facilities to our key beneficiary influencers. This drive will increase in pace and frequency in the coming months as the RN Covid restrictions ease further.

The Beneficiary Committee has increased in numbers to a representative strength of 25. All areas of the Royal Navy are now represented, with additional attendees from the Royal Navy's partner organisations who will assist the Trust in raising awareness amongst the family members of our beneficiaries. NFF, RFEA, Aggies, RMA, RNA, RN FPS, RFA personnel are among a few of the new groups who have joined the committee.

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The charity has offered 12 reward and recognition breaks to serving beneficiaries and their families who have demonstrated endeavour or dedication to duty. To date 11 of 12 breaks have been awarded, there is an aspiration to increase this offering with funding from RNRMC to 24 in number 3-night breaks per year.

The previous CEO of the Trust, who had been with the charity for 8 years had to resign due to family circumstances and this led to a recruitment of a credible relief who was in the process of departing the Royal Navy. Although sub-optimal due to timing, the incoming CEO has brought a wealth of currency and contacts from within the beneficiary community, which will assist in the continual drive to increase beneficiary awareness and ultimately usage.

FINANCIAL REVIEW

a. Financial Review

The Trustees present their report and financial statements for year ended 31 May 2021.

The Pandemic has had a dramatic impact on the Charity and its wholly owned trading subsidiary's ability to operate, and thus the financial impact has been severe. With the Club either closed or operating at reduced levels due to Covid secure trading for the entirety of this financial year, this has led to an inevitable loss of earnings for the Club and thus charity. With no gift-aid possible from the Company due to a net trading loss of £356,786 the impact on planned CAPEX and R&R spend has been profound, with the Trustees agreeing a necessary curb on any unnecessary spending until the financial affairs have returned to business as usual.

At the end of the financial year the charity is now exposed to a substantial debt (£1,034,050) with the addition of a CBILS loan of £500,000 with HSBC in addition to the HSBC Business Loan which was already in use and with a balance as at 31 May 21 of £534,050.

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. Although a volatile year for the markets, the portfolio has seen a general growth of 2.9% through the financial year and the Trust remain content with the management of the accounts by Sarasin and Partner, though monitor competitor performance to ensure value for money is achieved.

The China Fleet Country Club Limited (the Company), carries out non charitable trading activities for the Charity. The circumstances laid out due to the impacts of the Covid 19 Pandemic have meant that the Company have made a trading loss for the FY year of £356,786 (2020 +£112,006). This precludes the ability to provide the charity with Gift-Aid this year and will mean that no Gift-Aid is possible until the Company performance outstrips this financial year's loss.

b. The Impact of Covid 19 on 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 unprecedented worldwide impact of the Coronavirus Covid 19 has completely changed the circumstances under which the Company operated during 2020/21. Social distancing measures and several lockdowns have had far reaching implications for the whole leisure and hospitality sector.

Although this FY has been very challenging and tested the reserves, tenacity and resolve of all, the due diligence and financial planning and reserves policy have all proved to be effective. The Trustees are patently aware of the generous support that HM's Government (HMG) has provided and are cognisant that any future lockdown requirements may not be supported by HMG to the same level as during this FY.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021

As of 31 May 2021, there were 26,573 beneficiaries registered with the Club compared to 26,554 on 31 May 2020.

HMS RALEIGH and BRNC recruit visits ceased throughout the reporting year due to RN Covid safety protocols, despite recruiting and training carrying on throughout the pandemic. BRNC acquaint visits are due to commence Jul 21, with an aspiration for HMS RALEIGH recruit acquaints to re-commence in Sep 21. This has led to some 3000 fewer beneficiary visits to the Club and the Trust proactively looked at strategies to engage with the recruits who had not visited once they had moved into their phase 2 training and operational units. The Trust capitalised on the Beneficiary Committee's expansion to over 25 representatives and these committee members assisted to engage with their personnel on the ground in units, establishments and ships, which has helped to raise awareness of the Club during the periods of closure.

The Trustees are regularly briefed by the Company's Managing Director with departmental performance reports, beneficiary usage and cash flow forecasts that have given a good indication that the Trustees can be satisfied that the Charity and its wholly owned trading subsidiary **remains a going concern**. This statement is backed up by a glance into the next FY and the recovery that is already evident, plus the extended accounts forecast out to Dec 22.

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 Company.
- 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 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 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.

As of 31 May 2021, the designated unrestricted investment reserve was £767,023 (2020: £1,364,134). Freehold property are detailed at a net book value of £7,628,331 (2020: £7,582,057). General Funds are reported as £Nil (2020: £Nil).

PLANS FOR FUTURE PERIODS

Trustees are currently preparing an updated Strategic Plan taking into account the impacts and effects of the Pandemic on the previous aspirations and implementing a new Strategy based on the following key principles:

- Re-build reserves to previously agreed figure - £1.5m to £2m reserve requirement
- Pay down debt – CBILS
- Recover business to pre-Covid levels – turnover of approx. £5m to £6m
- Limit Capital Expenditure and R&R to essential only until the recovery is complete
- Assess each phase against the Charity's objectives
- Realise Beneficiary usage growth by 40% of pre-Covid levels over the next 5-year period
- Continue to be relevant and viable proposition for our Beneficiaries
- Continue to learn from the experience and implement LIs into future Risk Management
- Increase the offering for beneficiary reward and recognition breaks in conjunction with partnering agreement with RNRMC and the Royal Navy's SCWOs

Longer Term Aspirations

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- Increase accommodation footprint to incorporate some of the spare land – accommodation occupancy rates are very high and indicate a need for additional capacity.

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 nonexclusive 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 Company. 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 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 Club Beneficiaries Committee.

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

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 have been fully tested during the Covid Pandemic and combined with prompt actions and directions by Trustees proved effective in meeting the emergent challenges throughout the reporting year.

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 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.

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**TRUSTEES' REPORT (CONTINUED)
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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).

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 (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.

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.

AUDITORS

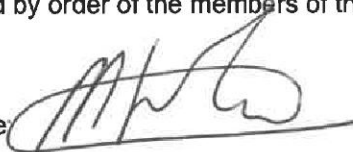
The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021

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

Signature



Date:

26/11/21

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 2021 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 2021 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.

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.

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; and
- 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; and
- 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 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:

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MAY 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	50,125	-	50,125	-
Charitable activities	5	424,866	780,370	1,205,236	896,578
Other trading activities		2,003,677	-	2,003,677	3,375,446
Investments	6	50,271	-	50,271	32,497
Total income		2,528,939	780,370	3,309,309	4,304,521
Expenditure on:					
Raising funds		3,160,933	-	3,160,933	3,163,957
Charitable activities	7	29,720	790,162	819,882	1,292,777
Total expenditure		3,190,653	790,162	3,980,815	4,456,734
Net expenditure before net gains on investments		(661,714)	(9,792)	(671,506)	(152,213)
Net gains on investments		110,877	-	110,877	66,010
Net movement in funds before other recognised gains		(550,837)	(9,792)	(560,629)	(86,203)
Net movement in funds		(550,837)	(9,792)	(560,629)	(86,203)
Reconciliation of funds:					
Total funds brought forward		8,946,191	209,911	9,156,102	9,242,305
Net movement in funds		(550,837)	(9,792)	(560,629)	(86,203)
Total funds carried forward		8,395,354	200,119	8,595,473	9,156,102

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

The notes on pages 19 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	8,963,347	9,063,971
Investments	13	827,594	1,083,327
		<u>9,790,941</u>	<u>10,147,298</u>
Current assets			
Stocks	14	94,198	97,652
Debtors	15	96,662	83,052
Cash at bank and in hand		662,937	692,608
		<u>853,797</u>	<u>873,312</u>
Creditors: amounts falling due within one year	16	(1,170,841)	(843,954)
Net current (liabilities) / assets		<u>(317,044)</u>	<u>29,358</u>
Total assets less current liabilities		<u>9,473,897</u>	<u>10,176,656</u>
Creditors: amounts falling due after more than one year	17	(878,424)	(1,020,554)
Total net assets		<u><u>8,595,473</u></u>	<u><u>9,156,102</u></u>
Charity funds			
Restricted funds	18	200,119	209,911
Unrestricted funds	18	8,395,354	8,946,191
Total funds		<u><u>8,595,473</u></u>	<u><u>9,156,102</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: 23/12/21

The notes on pages 19 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	8,963,347	9,063,971
Investments	13	828,594	1,084,327
		<u>9,791,941</u>	<u>10,148,298</u>
Current assets			
Debtors	15	17,881	124,780
Cash at bank and in hand		358,329	71,368
		<u>376,210</u>	<u>196,148</u>
Creditors: amounts falling due within one year	16	(776,532)	(716,711)
Net current (liabilities)		<u>(400,322)</u>	<u>(520,563)</u>
Total assets less current liabilities		<u>9,391,619</u>	<u>9,627,735</u>
Creditors: amounts falling due after more than one year	17	(463,525)	(495,798)
Total net assets		<u>8,928,094</u>	<u>9,131,937</u>
Charity funds			
Restricted funds	18	200,119	209,911
Unrestricted funds	18	8,727,975	8,922,026
Total funds		<u>8,928,094</u>	<u>9,131,937</u>

The Charity's net movement in funds for the year was £(203,843) (2020 - £(86,203)).

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: 23/12/21



The notes on pages 19 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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	21	(22,459)	39,884
Cash flows from investing activities			
Purchase of tangible fixed assets		(167,846)	(345,751)
Proceeds from sale of investments		362,723	69,884
Net cash provided by/(used in) investing activities		194,877	(275,867)
Cash flows from financing activities			
Cash inflows from new borrowing		-	500,000
Repayments of borrowing		(37,432)	(63,525)
Net cash (used in)/provided by financing activities		(37,432)	436,475
Change in cash and cash equivalents in the year		134,986	200,492
Cash and cash equivalents at the beginning of the year		692,608	492,116
Cash and cash equivalents at the end of the year	22	827,594	692,608

The notes on pages 19 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 2021

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. Within current liabilities is deferred income of £477,323 (see Note 16 on page 22), 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 £160,279 (2020 - £ 356,052).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

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
Motor vehicles, tractors & mowers	- 20% straight line
Equipment and furnishings	- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

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. There are no estimates, assumptions or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Grants	50,125	50,125	-

5. INCOME FROM CHARITABLE ACTIVITIES

	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

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

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

6. INVESTMENT INCOME

	Unrestricted funds 2021 £	Total funds 2021 £
Investment income	<u>50,271</u>	<u>50,271</u>
	Unrestricted funds 2020 £	Total funds 2020 £
Investment income	<u>32,497</u>	<u>32,497</u>

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Direct charitable cost for beneficiaries	<u>29,720</u>	<u>790,162</u>	<u>819,882</u>
	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Direct charitable cost for beneficiaries	<u>1,279,961</u>	<u>12,816</u>	<u>1,292,777</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

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

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

ANALYSIS OF DIRECT COSTS

	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
	819,882	819,882

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS (continued)

	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
	<u>1,292,777</u>	<u>1,292,777</u>

ANALYSIS OF SUPPORT COSTS

9. NET INCOME/(EXPENDITURE)

	2021 £	2020 £
Depreciation of tangible fixed assets - owned	268,256	266,559
Auditor's remuneration - audit	5,100	5,000
Auditors' remuneration - other services	7,475	7,250
Operating lease rentals	141,787	80,155
	<u>422,618</u>	<u>358,964</u>

10. STAFF COSTS

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages and salaries	2,081,763	1,955,871	260,087	454,062
Social security costs	137,678	155,070	18,347	56,449
Other pension costs	42,169	44,778	6,087	10,741
	<u>2,261,610</u>	<u>2,155,719</u>	<u>284,521</u>	<u>521,252</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

10. STAFF COSTS (CONTINUED)

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

	Group 2021 No.	Group 2020 No.	Charity 2021 No.	Charity 2020 No.
Apartments	16	20	-	-
Golf	16	15	-	-
Leisure	65	74	-	-
Food and beverage	47	60	-	-
Administration and establishment	42	45	1	1
	186	214	1	1

The average headcount expressed as full-time equivalents was:

	Group 2021 No.	Group 2020 No.	Charity 2021 No.	Charity 2020 No.
Total	88	101	1	1

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

	Group 2021 No.	Group 2020 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 £350,243 (2020: £295,991).

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, 3 Trustees (2020 - 2) received remuneration totalling £23,767 (2020: £11,284) 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 (2020 - £NIL).

During the year ended 31 May 2021, expenses totalling £NIL were reimbursed to nil Trustees (2020 - £1,069 to 3 Trustees).

12. TANGIBLE FIXED ASSETS

GROUP AND CHARITY

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Timeshares £	Total £
COST OR VALUATION					
At 1 June 2020	8,792,868	138,570	2,027,543	21,210	10,980,191
Additions	135,675	-	32,170	-	167,845
Disposals	-	-	(29,001)	-	(29,001)
At 31 May 2021	8,928,543	138,570	2,030,712	21,210	11,119,035
DEPRECIATION					
At 1 June 2020	438,667	138,470	1,326,357	12,726	1,916,220
Charge for the year	127,378	76	140,464	339	268,257
On disposals	-	-	(28,789)	-	(28,789)
At 31 May 2021	566,045	138,546	1,438,032	13,065	2,155,688
NET BOOK VALUE					
At 31 May 2021	8,362,498	24	592,680	8,145	8,963,347
At 31 May 2020	8,354,201	100	701,186	8,484	9,063,971

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

13. FIXED ASSET INVESTMENTS

GROUP	Listed investments £
COST OR VALUATION	
At 1 June 2020	1,083,327
Additions	36,422
Disposals	(400,094)
Revaluations	107,939
AT 31 MAY 2021	827,594
NET BOOK VALUE	
AT 31 MAY 2021	827,594
AT 31 MAY 2020	1,083,327

CHARITY	Investments in subsidiary companies £	Listed investments £	Total £
COST OR VALUATION			
At 1 June 2020	1,000	1,083,327	1,084,327
Additions	-	36,422	36,422
Disposals	-	(400,094)	(400,094)
Revaluations	-	107,939	107,939
AT 31 MAY 2021	1,000	827,594	828,594
NET BOOK VALUE			
AT 31 MAY 2021	1,000	827,594	828,594
AT 31 MAY 2020	1,000	1,083,327	1,084,327

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

14. STOCKS

	Group 2021 £	Group 2020 £
Raw materials and consumables	8,745	22,969
Finished goods and goods for resale	85,453	74,683
	94,198	97,652

15. DEBTORS

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
DUE WITHIN ONE YEAR				
Trade debtors	9,511	13,031	-	-
Amounts owed by group undertakings	-	-	-	112,006
Other debtors	87,151	70,021	17,881	12,774
	96,662	83,052	17,881	124,780

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans	180,076	75,378	70,525	66,435
Trade creditors	201,822	170,684	1,476	1,624
Amounts owed to group undertakings	-	-	700,528	643,894
Other taxation and social security	103,558	101,567	-	-
Other creditors	39,692	39,357	-	-
Accruals and deferred income	645,693	456,968	4,003	4,758
	1,170,841	843,954	776,532	716,711
			Group 2021 £	Group 2020 £
Deferred income at 1 June 2020			326,694	422,192
Resources deferred during the year			477,323	326,694
Amounts released from previous periods			(326,694)	(422,192)
Deferred income at 31 May 2021			477,323	326,694

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

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

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans	878,424	1,020,554	463,525	495,798

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

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Payable or repayable by instalments	-	280,070	-	280,070
	-	280,070	-	280,070

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

Group	Group	Charity	Charity
2021	2020	2021	2020
£	£	£	£

The bank loans include:

A loan with HSBC UK Bank plc. The loan facility is £47,000 of which £24,451 was outstanding at 31 May 2021. The loan is secured against specific property assets of the company. Interest on the loan is being charged at 2.4% per annum over the Bank of England Base Rate. The balance is repayable in monthly instalments of £847.80.

A Coronavirus Business Interruption Loan with HSBC UK Bank plc. The loan facility is £500,000 of which £500,000 was outstanding at 31 May 2021. No capital repayments are due for the first 12 months after the date of drawing down the loan (May 2020). Interest is charged at 3.99% per annum over the Bank of England Base Rate. The balance is repayable in monthly instalments of £8,333.33.

A loan with HSBC UK Bank plc. The loan facility is £740,000 of which £534,050 was outstanding at 31 May 2021. The loan is secured against the Charity's freehold property. Interest on the loan is being charged at 2.45% per annum above the Bank of England Base Rate. The balance is repayable in monthly instalments of £7,044.78.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT 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>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>

18. STATEMENT OF FUNDS (CONTINUED)

Other 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 2021

18. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR 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	<u>57,771</u>	<u>4,272,024</u>	<u>(4,349,781)</u>	<u>19,986</u>	<u>-</u>	<u>-</u>
TOTAL UNRESTRICTED FUNDS	<u>9,019,578</u>	<u>-</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>-</u>	<u>(4,456,734)</u>	<u>-</u>	<u>66,010</u>	<u>9,156,102</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

19. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT 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>

SUMMARY OF FUNDS - PRIOR 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>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT 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	<u>8,395,354</u>	<u>200,119</u>	<u>8,595,473</u>

CHINA FLEET TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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	8,946,191	209,911	9,156,102

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

	Group 2021 £	Group 2020 £
Net expenditure for the year (as per Statement of Financial Activities)	(560,629)	(86,203)
ADJUSTMENTS FOR:		
Depreciation charges	268,257	266,559
Gains on investments	107,939	66,010
Dividends, interest and rents from investments	(50,271)	(31,980)
Loss/(profit) on the sale of fixed assets	212	(750)
Decrease/(increase) in stocks	3,454	(5,879)
(Increase)/decrease in debtors	(13,610)	37,158
Increase/(decrease) in creditors	222,189	(205,031)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	(22,459)	39,884

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2021 £	Group 2020 £
Cash in hand	827,594	692,608
TOTAL CASH AND CASH EQUIVALENTS	827,594	692,608

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NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 2020	Cash flows	At 31 May 2021
	£	£	£
Cash at bank and in hand	692,608	(29,671)	662,937
Debt due within 1 year	(75,378)	(104,698)	(180,076)
Debt due after 1 year	(1,020,554)	142,130	(878,424)
	<u>(403,324)</u>	<u>7,761</u>	<u>(395,563)</u>

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 2021 the Group had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021	Group 2020
	£	£
Not later than 1 year	141,787	151,609
Later than 1 year and not later than 5 years	133,435	129,358
	<u>275,222</u>	<u>280,967</u>

26. RELATED PARTY TRANSACTIONS

The Charity has one 100% owned subsidiary as detailed in note 28.

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, Mr I Douglas and Mrs L Johnson, trustees of the Charity, were paid £12,413 (2020: £10,750), £600 (2020: £750) and £10,754 (2020: £nil) respectively for their roles as non executive directors of the China Fleet Country Club Limited, a 100% subsidiary of the China Fleet Trust.

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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 £	Loss for the year £	Net assets £
China Fleet Country Club Limited	2,804,247	(3,161,033)	(356,786)	(331,621)

