

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Trustees' Report	2
Independent Auditors' Report on the Financial Statements	11 - 14
Consolidated Statement of Financial Activities	15
Consolidated Balance Sheet	16
Charity Balance Sheet	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19 - 38

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MAY 2023

Trustees	Rear Admiral John Stuart Weale CB, OBE, Chairman (appointed 2 December 2022) Mrs Hilary Anne Frank (appointed 2 December 2022) Mrs Sarah Adkins Mr Robert Alan Seabrook Baldry Mr Alastair Keith Camp Mr Ian Robert Douglas Lt Cdr Rebecca French RN Commander Claire Marie Frances Lees MBE RN Michael James Dukes (resigned 9 September 2022) Major Steve Cox RM Rear Admiral Michael George Wood CBE, DL, JP (resigned 2 December 2022) Warrant Officer First Class Paul Todd
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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MAY 2023

The Trustees present their annual report together with the audited financial statements of the Charity for the period 1 June 2022 to 31 May 2023. 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 2022).

CHAIRMAN'S REPORT

I had the pleasure of taking over as Chair of the China Fleet Trust in December 2022 and thank my predecessor, Rear Admiral Mike Wood CBE DL, for his outstanding leadership and achievements during his near 10-year tenure as the Trust Chair. His legacy endures and the enterprise is in excellent shape due to his stewardship of the charity.

This financial year has provided some fresh challenges for the enterprise to deal with, caused by global events which have impacted on the cost of living, soaring inflation, and the utilities market. However, the charity and our wholly owned trading subsidiary had fortunately recovered from the impacts of the CV19 Pandemic with a stellar 2021/22 financial year under our belts, which had given the enterprise confidence and the requisite financial regain to enable the Club to be in a strong position to deal with the impacts of another financial shock.

The financial year started in good shape with strong performance in revenue and profitability but there was a realisation that utility costs were heading towards hugely expensive increases. The utility contract that the enterprise started the financial year with was due to expire in October 2022 and this ultimately occurred at the height of the cost rises and meant the enterprise was locked into a short period of being tethered to the wholesale cost for utilities. This cost borne was some 6 times more than had been experienced under the previous contract. HM's Government's support for business was welcomed for a 6-month period, however realised cost to the enterprise was c.£520k more than the previous year once the support received had been taken into account. This had a significant impact on profitability and there was a fear that we may slide into a loss-making endeavour towards the end of 2022. The escalating UK utility costs cost in the last year were of a major concern, as it was being driven by forces outside of the control of the Trust. The regular forum consisting of the Trust Chair, Trust CEO and the Club Chair and Club MD (the "2 x 2" committee) who meet periodically, were charged with managing the utility cost issue and due to their due diligence and swift action, secured a significantly cheaper utility contact in Feb 2023, which eased these concerns.

Due to the turbulent global outlook, the charity made the decision to conduct another review of the 5-year Strategic Plan (SP), with a re-write undertaken to map out a pathway to growth and ensure future viability is retained. The SP outlined 4 significant principal objectives:

- Ensuring the recovery and growth of our business.
- Providing excellent beneficiary propositions and growing strongly their number and usage.
- Ensuring that the Group's business is vibrant, commercially successful, sustainable, and focused on customer needs.
- Maintain high standards of governance and financial management.

In support of the principal objectives 8 key workstreams were identified and this instigated a series of Trust Sub-Working Groups (TSWG) to facilitate delivery against the SP:

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023

1. Financial modelling (1-5 years) with scenarios and sensitivity analysis. Including determination of spend needed to maintain the core fabric of the estate.
2. Develop and maintain a 'challenged environment' scenario, and review of efficiency drive.
3. TSWG: Return to Growth planning.
4. Set a sub-target for usage by 'out of area' beneficiaries.
5. TSWG: Renewable energy investment (incl. hybrid options) and funding options.
6. Establish environmental/carbon footprint targets and associated tracking arrangements. Adaption of previous TSWG.
7. TSWG: Develop stakeholder outreach plan.
8. TSWG: Develop Organisational Development proposals.

Outcomes are reported to Trustees regularly and at each Trust Board meeting.

Several workstreams have concluded and the outcomes are now being realised.

The enterprise's number one priority remains to provide quality leisure and recreational facilities for our beneficiaries. A legacy of our previous SP was to increase serving beneficiary usage by 40% over a period of 5 years commencing from 2021 and set against a usage target with baseline from 2019 (pre-Covid). This target was originally deemed to be quite an ambitious one which would have expected to see serving beneficiary visits rise to around 7745 by 2026. This target has now been exceeded, with enduring beneficiary growth observed in both the serving and ex-serving cadre of our beneficiaries. This led to some 42,000 visits to the Club by our beneficiaries with over 15,500 of those visits being made by serving personnel. The challenge is now to ensure this level of beneficiary usage endures.

A significant challenge was set to counter the increase in utility costs, whilst improving the Club's green credentials and working towards carbon neutrality by 2030. Trustees approved a £270k Capital Investment in solar PV, which recognised another 225KWh of energy self-provision. This total, when added to a previous 165KWh installation in last year's FY, has led to around 390KWh of self-provided electrical generation per annum and has helped reduce the cost of energy. The secondary benefit of the installation has been reducing our carbon footprint. Another phase of renewable energy procurement is being considered for future investment.

The enterprise's efforts in sustainability have been recognised by the Devon & Plymouth Chamber of Commerce, who voted the Club "Green Business of the Year" at their May 2023 awards ceremony and Green Tourism upped their assessment of the Club from silver to gold in May 2023. This is substantial acknowledgement of the strides made in our sustainability measures, which also include; provision of own water supply; led lighting throughout the Club, EV charging points; locally sourced food & drink; plastic free culture; promotion of healthy living; zero to landfill & recycling policy; bee hives; tree planting and organic products used in the Spa and accommodation.

The return to growth of the enterprise has been swift and it is particularly heartening to see that many of our long-standing beneficiaries and members continue to use the Club despite the cost-of-living impacts to all. A Gift Aid payment of £227k generated by our wholly owned trading subsidiary is a great achievement and is more than had been anticipated in the middle of our FY. The enterprise's future looks bright, and with continued momentum being made with internal efficiencies, clever use of technology, and further investment in sustainability the prospects for the enterprise look very encouraging. Trustees look forward to continued years of growth and a return to investment in new facilities and broadening our excellent attractions for our beneficiaries, members, and visitors alike.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

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 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 2022 to 2027 Strategic Plan recognises 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 dealt with the challenge that arose from the onset of the war in Ukraine and impacts to global markets, commodities and produce, working hand in hand with the Trust (2 x 2 process) to measure risk, propose mitigations to counter and implement change, efficiencies and short notice requirements. This effort is acknowledged by the Trust and all Trustees are thankful to the subsidiary for their efforts.

Experience and lessons identified from dealing with the turbulence brought about by the CV19 Pandemic have stood the Company in good stead to deal with the challenges faced during the FY.

The Company has worked hard to recruit and retain staff, something which has been an additional challenge during the financial year but has managed to keep the workforce steady at between 220 and 230 employees.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

The payroll cost has increased in-line with recent increases to the minimum wage and living wage, which have added another £228k to payroll costs over the FY.

b. China Fleet Trust

2022/23 saw a busy year of visitation by the RN / RM / RFA senior leaders. This pivotal facet of our beneficiary engagement ensures that the upper-echelons of the RN remain apprised of our ability to assist with the ever more challenging aspects of retention. The focus on the benefits of CFCC for families of those deployed as well as the health and well-being for all sailors, marines and officers means the Club retains its credibility with our beneficiaries.

Several key focus groups were conducted by our Company to ensure they remain aware of the challenges and operating environment of the beneficiaries, whilst allowing a unique insight into what offerings and attractions they would like to see at the Club in future. This when used with the beneficiary Committee input, provides a great deal of beneficiary knowledge for our Company to use when forming future CapEx aspirations for the Trust to consider.

Visitation throughout the year included; the Fleet Commander; COMFOST; Commanding Officer's of Raleigh and BRNC; Naval Base Commanders of Devonport, Clyde and Portsmouth; CO Desigs course; EWO desigs course; SM Cox'n course; support for HMS MONTROSE's homecoming was a highlight; HMS NORTHUMBERLAND's Command team, 47 Cdo (Raiding Group) RM; JHG(SW); HMS ALBION; HMS VIVID; HMS VANGUARD; RFA board; Devon URNU; RN Police SIB; HMS Oardacious.

Building on the Trust's affiliation with HMS TAMAR remains key whilst they are deployed, and the Trust CEO meets with fellow affiliates from Cornwall County Council and Truro City to discuss support to Tamar whilst she is deployed to the Asia Pacific region. Regular updates are received from the ship and displayed in the Club's heritage area.

The Fleet Commander approved a second affiliation for the Trust with 47 Cdo (Raiding Group) RM. This affiliation showcases a neat synergy with the Club's roots in Hong Kong (HK). 47 Cdo is based at RM Tamar (Devonport), with compliments beautifully existing affiliation with the current HMS Tamar and nods back to the Club's past history in Hong Kong (HK) at the old HMS Tamar in HK, which was the home to the original RN Canteen, which went on to become the first China Fleet Club. The Trust is acutely aware of ensuring both precious affiliations are nurtured, and their personnel are regarded as our most important beneficiaries.

The Trust's standing amongst its RN charity peers goes from strength to strength. Routinely invited to events held by NCHQ for the charity sector and also to the 1SL's annual admiralty service in London gives a good indication of the high regard the charity is held.

The completion of the new Trust and RNRMC office complex in July 2022 is drawing the benefit envisaged by both parties, with the new office complex being utilised by many other charity partners during its first year of opening. Usage included from RNA, WEA, SSAFA, WRNS BT, RBLI, SSAFA, as well as providing RNRMC with a permanent office at the Club for their Transition Support Guide.

The Trust CEO retains a seat, and is a respected contributor, at the RN charity CEO forum and also sits on Cobseo's serving cluster committee.

The Board of Trustees succession planning is constantly monitored and reported at Trust board meetings. In year saw the departure of Admiral Mike Wood, who had completed his 2nd term of 5 years as a Trustee. He was replaced by rear Admiral John Weale CB OBE, who took the helm at the Trust board meeting in December 2022. Mike's tenure as Trust chair spanned almost a decade and his legacy endures alongside the enterprise's continued success.

The Trust continues to look for calibre Trustees to enhance the Trust's already impressive skill set and are open to further recruitment if the right candidates are identified. However the current number of 10 Trustees,

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

is deemed to be optimal, with a healthy balance of 4 current serving RN / RM Trustees and 6 industry professionals.

The Beneficiary Committee reinvigoration instigated last FY has proven to be effective with 25 devoted serving, ex-serving and external partner organisations representatives all working hard to extol the virtues of the Club in their domain, whilst providing feedback on offerings and future plans to both Trust and Company boards. This pivotal committee, along with the efforts of the Trust and Company personnel have enabled a record year of beneficiary usage of the Club.

FINANCIAL REVIEW

a. Financial Review

The Trustees present their report and financial statements for year ended 31 May 2023.

The enterprise has registered its best year of revenue generation over the FY with consolidated revenue for the year posted as £6,351k compared to the previous stellar year of 2021/22 which generated income of £6,309k.

Within total Income is the China Fleet Country Club Limited (the Company), which carries out non charitable trading activities for the Charity. The Company generated sales (net of Trust) of £5,204k (2022 £5,104k), generating a profit of £227k (2022: £761k). This will represent a potential Gift Aid to the Trust of £227k (2022: £392k).

The provision of a Gift Aid payment to the Trust of £227k represents a remarkable achievement when set amidst the context of the impacts experienced during this Financial Year. 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 reports a negative net movement in funds of £189k (2022 £638k). The consolidated cash at bank at the year-end is £846k (2022: £1,114k).

Although balancing the uncertainties of the financial impact of the cost-of-living crisis throughout the FY, the enterprise has managed to drive down some of the outstanding debt accrued through previous bank funded expenditure and CBILS loan. The Coronavirus Business Interruption Loan Scheme (CBILS) loan has been reduced steadily with monthly payments and lump sum reductions and as of the year end stood at £195k outstanding (2022: £311k). When added to the long-term HSBC consolidated business loan of £389k outstanding as of the year end (2022: £459k), and other smaller loans, the overall debt for the enterprise now stands at £768k (2022: £810k). There is a plan to reduce the CBILS loan down early in the next financial year by a further £100,000 lump sum payment, in part due to the high interest rate costs. This has been approved by Trustees in July 2023 and will be seen in next year's consolidated accounts.

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 market value by around £10k. Benchmarking of performance is regularly monitored to ensure that the Trust is receiving the best possible return on investment. Trustees took the decision in Jan 2023 to switch the focus of their portfolio from domestic to global indices, as advised by Sarasin & Partners, and as many other charities have done in recent years. There is an expectation of improved returns as a result of this switch of focus and Trustees remain regularly apprised as to the impacts of this decision. At the year-end investments, at market value, stood at £943k (2022: £953k).

Total Reserves now stand at £9,045k (2022: £9,234k) of which £324k (2022: £336k) are restricted funds. Of the £8,721k (2022: £8,898k) in Unrestricted Reserves, designated reserves stand at £8,699k (2022: £8,778k), with £22k (2022: £120k) as general unrestricted reserves.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023

The following grant was received from our charity partner (RNRMC) over the financial year:

- £10,000 from RNRMC to enable Reward, Recognition and Respite breaks at the Club for serving beneficiaries and their families.

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 take confidence in the continued strong recovery of our Company and are reassured that their metrics for gauging and considering "Going Concern" are accurate and fit for purpose. Having navigated through another FY of potential financial struggles and returning a surplus, which will enable a significant Gift Aid payment demonstrates how robust the enterprise has become.

The Trustees remain confident that the Going Concern of the enterprise remains credible and are confident of an enduring period of growth and increasing Gift Aid potential.

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 year end unrestricted reserves of £8,721k (2022: £8,898k) consist of Freehold property reserves of £7,756k (2022: £7,822k) and unrestricted reserves of £965k (2022: £1,076k) of which £943k (2022: £956k) is deemed designated reserves. The Trustees' target for these unrestricted reserves is a fund between £1,500k and £2,000k, and thus at £965k (2022: 1,076k) falls short of that policy target.

PLANS FOR THE FUTURE

- Install a new waste treatment Plant - £168k approved for FY 2023/24
- Provide budget approval to ensure sufficient Capital Expenditure and R&R is in place to improve the standard of facilities and offerings - £442k approved in 2023/24 budget
- Assess impacts of interest rate rise - further pay down debt – CBILS £100k approved in July 2023
- Assess viability of reserves portfolio and best use of financial reserves – market returns vs bank interest savings accounts
- Assess any new Capital Expenditure in terms of beneficiary need ensuring it meets with our Charitable Objectives – a range of propositions in development
- Continue to realise Beneficiary Usage growth and ensure that this level exceeds SP targets
- 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
- Continue to realise gains from phase 1 of renewable energy provision CapEx and study feasibility of phase 2 of this project.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023

- Look to engage with and collaborate with our beneficiary facing businesses, such as Babcock International, BAE, Atlas Elektronik UK
- Improve engagement with, awareness of, and usage by our Submarine Service beneficiaries

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 indicates 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 31st March 2023) 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. During this FY the 5-year review of the Operating Agreement was conducted and a new agreement was endorsed by all parties in March 2023. The performance of this agreement will now be reviewed annually by the Trust and Company, with any variations signed by both parties and filed with the Trust's solicitors, Womble Bond and Dickinson (UK) LLP. 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).

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023

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 regularly. 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 and our trading Company.

The risk management systems have been fully tested over the last few years and the Trust are confident that their performance has helped to ensure the continued success of the enterprise despite the volatile operating environment that has pertained due to the impacts of CV19, War in Ukraine, Inflation and cost-of-living crisis. These systems continue to offer assurance that the enterprise is well placed to deal with any unknown or unexpected emergent events.

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).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles of the Charities SORP.
- 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.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

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

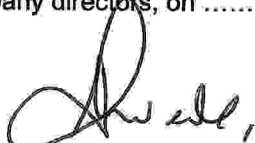
There are no funds held as custodian trustee on behalf of another entity.

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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on and signed on its behalf by:



Rear Admiral J S Weale, CB, OBE
Chair of the Trustees

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

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 subsidiary (the 'group') for the year ended 31 May 2023 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 2023 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;
- 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.

Bishop Fleming LLP

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: 7/12/23

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MAY 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	4	14,650	-	14,650	160,458
Charitable activities	5	1,097,730	-	1,097,730	739,709
Other trading activities		5,204,228	-	5,204,228	5,268,337
Investments	6	33,910	-	33,910	45,366
Total income		6,350,518	-	6,350,518	6,213,870
Expenditure on:					
Raising funds		4,883,490	-	4,883,490	4,372,872
Charitable activities	7	1,598,544	12,319	1,610,863	1,160,614
Total expenditure		6,482,034	12,319	6,494,353	5,533,486
Net (expenditure)/income before net losses on investments		(131,516)	(12,319)	(143,835)	680,384
Net losses on investments		(44,797)	-	(44,797)	(42,236)
Net movement in funds before other recognised gains		(176,313)	(12,319)	(188,632)	638,148
Net movement in funds		(176,313)	(12,319)	(188,632)	638,148
Reconciliation of funds:					
Total funds brought forward		8,897,790	335,831	9,233,621	8,595,473
Net movement in funds		(176,313)	(12,319)	(188,632)	638,148
Total funds carried forward		8,721,477	323,512	9,044,989	9,233,621

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

The notes on pages 19 to 38 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2023


	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	8,942,549	8,848,589
Investments	13	942,797	953,316
		<u>9,885,346</u>	<u>9,801,905</u>
Current assets			
Stocks	14	145,565	116,770
Debtors	15	189,378	229,730
Cash at bank and in hand		846,215	1,113,679
		<u>1,181,158</u>	<u>1,460,179</u>
Creditors: amounts falling due within one year	16	(1,413,217)	(1,382,005)
Net current assets/(liabilities)		<u>(232,059)</u>	<u>78,174</u>
Total assets less current liabilities		<u>9,653,287</u>	<u>9,880,079</u>
Creditors: amounts falling due after more than one year	17	(608,298)	(646,458)
Total net assets		<u><u>9,044,989</u></u>	<u><u>9,233,621</u></u>
Charity funds			
Restricted funds	18	323,512	335,831
Unrestricted funds	18	8,721,477	8,897,790
Total funds		<u><u>9,044,989</u></u>	<u><u>9,233,621</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 J S Weale, CB, OBE

Date:


27 NOV 23

The notes on pages 19 to 38 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 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	8,924,833	8,825,279
Investments	13	943,797	954,316
		<u>9,868,630</u>	<u>9,779,595</u>
Current assets			
Debtors	15	295,371	525,989
Cash at bank and in hand		374,067	233,008
		<u>669,438</u>	<u>758,997</u>
Creditors: amounts falling due within one year	16	(1,092,859)	(952,660)
Net current (liabilities)		<u>(423,421)</u>	<u>(193,663)</u>
Total assets less current liabilities		<u>9,445,209</u>	<u>9,585,932</u>
Creditors: amounts falling due after more than one year	17	(436,583)	(388,674)
Total net assets		<u>9,008,626</u>	<u>9,197,258</u>
Charity funds			
Restricted funds	18	323,512	335,831
Unrestricted funds	18	8,685,114	8,861,427
Total funds		<u>9,008,626</u>	<u>9,197,258</u>

The Charity's net movement in funds for the year was £(188,632) (2022- £269,164).

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 J S Weale, CB, OBE

Date: 27 Nov 23

The notes on pages 19 to 38 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 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	226,780	1,007,833
Cash flows from investing activities			
Purchase of tangible fixed assets		(457,656)	(180,588)
Proceeds from sale of investments		-	14
Purchase of investments		(34,278)	(167,970)
Investment income received		33,910	45,366
New loan		165,446	-
Net cash used in investing activities		(292,578)	(303,178)
Cash flows from financing activities			
Repayments of borrowing		(201,666)	(253,913)
Net cash used in financing activities		(201,666)	(253,913)
Change in cash and cash equivalents in the year		(267,464)	450,742
Cash and cash equivalents at the beginning of the year		1,113,679	662,937
Cash and cash equivalents at the end of the year	22	846,215	1,113,679

The notes on pages 19 to 38 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 2023**

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 2019), 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 £423,421. Within current liabilities is deferred income of £557,803 (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 £134,382 (2022 - £ 344,821).

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 £226,920 (2022 - £391,616) was made to the Charity.

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 2023**

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.

The Subsidiary recognises revenue as follows:

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (continued)

2.5 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

2.6 INTEREST RECEIVABLE

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

2.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

Depreciation is provided on the following bases:

Freehold property	- Building element: 4% straight line, land not depreciated
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (continued)

2.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.10 DEBTORS

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

2.11 CASH AT BANK AND IN HAND

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

2.12 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated Statement of Financial Activities as a finance cost.

2.13 FINANCIAL INSTRUMENTS

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

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.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

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:

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

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Grants	14,650	-	14,650

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Grants	6,000	154,458	160,458

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2023 £	Total funds 2023 £
Direct charitable income from beneficiaries	1,097,730	1,097,730
COVID Relief grants	-	-
TOTAL 2023	1,097,730	1,097,730

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

5. INCOME FROM CHARITABLE ACTIVITIES (CONTINUED)

	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

6. INVESTMENT INCOME

	Unrestricted funds 2023 £	Total funds 2023 £
Investment income	33,910	33,910

	Unrestricted funds 2022 £	Total funds 2022 £
Investment income	45,366	45,366

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Direct charitable cost for beneficiaries	1,598,544	12,319	1,610,863

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

(continued)

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Direct charitable cost for beneficiaries	1,137,179	23,435	1,160,614

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2023 £	Total funds 2023 £
Direct charitable cost for beneficiaries	1,610,863	1,610,863

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

ANALYSIS OF DIRECT COSTS

	Direct charitable income 2023 £	Total funds 2023 £
Staff costs	602,830	602,830
Depreciation	309,020	309,020
Other operating charges	685,065	685,065
Governance costs	13,948	13,948
	1,610,863	1,610,863

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS (continued)

	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
	<u>1,160,614</u>	<u>1,160,614</u>

9. NET INCOME/(EXPENDITURE)

	2023 £	2022 £
Depreciation of tangible fixed assets - owned	314,163	280,426
Auditor's remuneration - audit	4,260	3,875
Auditors' remuneration - other services	11,370	9,825
Operating lease rentals	235,504	268,999
Losses on sale of fixed assets	47,582	-
	<u>612,879</u>	<u>563,125</u>

10. STAFF COSTS

	Group 2023 £	Group 2022 (Restated) £	Charity 2023 £	Charity 2022 (Restated) £
Wages and salaries	2,735,936	2,542,426	555,089	482,031
Social security costs	167,354	145,114	36,108	30,247
Other pension costs	51,390	45,354	11,633	11,633
	<u>2,954,680</u>	<u>2,732,894</u>	<u>602,830</u>	<u>523,911</u>

The Charity staff costs include a recharge from the Subsidiary company for managing the facility in accordance with the operating licence. These costs were £550,070 (2022: £472,725), with actual Trust staff costs of £52,760 (2022: £51,186).

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

10. STAFF COSTS (CONTINUED)

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

	Group 2023 No.	Group 2022 No.	Charity 2023 No.	Charity 2022 No.
Apartments	24	26	-	-
Golf	18	17	-	-
Leisure	77	73	-	-
Food and beverage	66	65	-	-
Administration and establishment	45	41	1	1
	230	222	1	1

The average headcount expressed as full-time equivalents was:

	Group 2023 No.	Group 2022 No.	Charity 2023 No.	Charity 2022 No.
Total	112	115	1	1

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

	Group 2023 No.	Group 2022 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 £385,281 (2022: £318,072).

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, 2 Trustees (2022 - 2) received remuneration totalling £14,010 (2022: £13,750) 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 (2022 - £NIL).

During the year ended 31 May 2023, expenses totalling £1,953 were reimbursed to Trustees (2022 - £1,360 to Trustees.)

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

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 2022	8,976,596	27,972	115,668	2,107,561	9,000	11,236,797
Additions	178,648	-	-	279,007	-	457,655
Disposals	(4,024)	-	(31,137)	(202,535)	(9,000)	(246,696)
At 31 May 2023	9,151,220	27,972	84,531	2,184,033	-	11,447,756
DEPRECIATION						
At 1 June 2022	695,343	4,662	115,668	1,565,241	7,294	2,388,208
Charge for the year	152,554	5,594	-	156,251	214	314,613
On disposals	(1,039)	-	(31,137)	(157,930)	(7,508)	(197,614)
At 31 May 2023	846,858	10,256	84,531	1,563,562	-	2,505,207
NET BOOK VALUE						
At 31 May 2023	8,304,362	17,716	-	620,471	-	8,942,549
At 31 May 2022	8,281,253	23,310	-	542,320	1,706	8,848,589

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

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 2023

13. FIXED ASSET INVESTMENTS

CHARITY	Investments in subsidiary companies £	Listed investments £	Total £
COST OR VALUATION			
At 1 June 2022	1,000	953,316	954,316
Additions	-	34,278	34,278
Revaluations	-	(44,797)	(44,797)
AT 31 MAY 2023	1,000	942,797	943,797
NET BOOK VALUE			
AT 31 MAY 2023	1,000	942,797	943,797
AT 31 MAY 2022	1,000	953,316	954,316

14. STOCKS

	Group 2023 £	Group 2022 £
Raw materials and consumables	15,502	12,066
Finished goods and goods for resale	130,063	104,704
	145,565	116,770

15. DEBTORS

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
DUE WITHIN ONE YEAR				
Trade debtors	18,167	17,751	-	-
Amounts owed by group undertakings	-	-	226,920	-
Other debtors	171,211	211,979	68,451	525,989
	189,378	229,730	295,371	525,989

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loans	160,159	158,129	111,462	70,525
Trade creditors	298,443	293,582	447	388
Amounts owed to group undertakings	-	-	976,450	877,157
Other taxation and social security	101,390	116,355	-	-
Other creditors	50,213	66,228	-	-
Accruals and deferred income	803,012	747,711	4,500	4,590
	1,413,217	1,382,005	1,092,859	952,660
			Group 2023 £	Group 2022 £
Deferred income at 1 June 2022			538,476	477,323
Resources deferred during the year			557,224	538,476
Amounts released from previous periods			(538,476)	(477,323)
			557,224	538,476

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

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

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loans	608,298	646,458	436,583	388,674

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 June 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2023 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Designated Funds	955,735	27,583	-	4,276	(44,797)	942,797
Freehold Property	7,822,055	-	(153,593)	87,814	-	7,756,276
	<u>8,777,790</u>	<u>27,583</u>	<u>(153,593)</u>	<u>92,090</u>	<u>(44,797)</u>	<u>8,699,073</u>
GENERAL FUNDS						
General Funds	120,000	6,322,935	(6,328,441)	(92,090)	-	22,404
TOTAL UNRESTRICTED FUNDS	<u>8,897,790</u>	<u>6,350,518</u>	<u>(6,482,034)</u>	<u>-</u>	<u>(44,797)</u>	<u>8,721,477</u>
RESTRICTED FUNDS						
LIBOR Grant - Capital	34,544	-	(3,048)	-	-	31,496
RNRMC Grant - Capital	301,287	-	(9,271)	-	-	292,016
	<u>335,831</u>	<u>-</u>	<u>(12,319)</u>	<u>-</u>	<u>-</u>	<u>323,512</u>
TOTAL OF FUNDS	<u>9,233,621</u>	<u>6,350,518</u>	<u>(6,494,353)</u>	<u>-</u>	<u>(44,797)</u>	<u>9,044,989</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

18. STATEMENT OF FUNDS (CONTINUED)

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.

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

18. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR 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>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

19. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 June 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 May 2023 £
Designated funds	8,777,790	27,583	(153,593)	92,090	(44,797)	8,699,073
General funds	120,000	6,322,935	(6,328,441)	(92,090)	-	22,404
Restricted funds	335,831	-	(12,319)	-	-	323,512
	<u>9,233,621</u>	<u>6,350,518</u>	<u>(6,494,353)</u>	<u>-</u>	<u>(44,797)</u>	<u>9,044,989</u>

SUMMARY OF FUNDS - PRIOR 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>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	8,619,037	323,512	8,942,549
Fixed asset investments	942,797	-	942,797
Current assets	1,181,158	-	1,181,158
Creditors due within one year	(1,413,217)	-	(1,413,217)
Creditors due in more than one year	(608,298)	-	(608,298)
TOTAL	<u>8,721,477</u>	<u>323,512</u>	<u>9,044,989</u>

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR 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	8,897,790	335,831	9,233,621

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

	Group 2023 £	Group 2022 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(188,632)	638,148
ADJUSTMENTS FOR:		
Depreciation charges	314,613	280,426
Losses on investments	44,797	42,232
Investment income	(33,913)	(45,366)
Loss on the sale of fixed assets	49,082	14,920
(Increase)/decrease in stocks	(28,795)	(22,572)
(Increase) in debtors	40,446	(133,068)
Increase in creditors	29,182	233,113
NET CASH PROVIDED BY OPERATING ACTIVITIES	226,780	1,007,833

CHINA FLEET TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2023 £	Group 2022 £
Cash in hand	846,215	1,113,679
TOTAL CASH AND CASH EQUIVALENTS	846,215	1,113,679

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 2022 £	Cash flows £	At 31 May 2023 £
Cash at bank and in hand	1,113,679	(267,464)	846,215
Debt due within 1 year	(158,129)	(2,030)	(160,159)
Debt due after 1 year	(646,458)	38,160	(608,298)
	309,092	(231,334)	77,758

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 £51,390 (2022 - £45,354). Contributions totalling £10,871 (2022: £10,142) were payable to the fund at the balance sheet date and are included in creditors.

25. OPERATING LEASE COMMITMENTS

At 31 May 2023 the Group had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £
Not later than 1 year	256,657	189,889
Later than 1 year and not later than 5 years	558,429	533,264
	815,086	723,153

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 provides 16% of the club's total energy requirements. The total cost over six years is £146k.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

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 £13,560 (2022: £12,816) and £450 (2022: £750) 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	5,210,422	(4,983,502)	226,920	37,363