



**THE HONG KONG LOCALLY ENLISTED
PERSONNEL TRUST**

ANNUAL REPORT AND ACCOUNTS

30 JUNE 2024

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HONG KONG LOCALLY ENLISTED PERSONNEL TRUST
TRUSTEES ANNUAL REPORT & ACCOUNTS
FOR YEAR ENDING 30 JUNE 2024

The Trustees of the charity for the purposes of the Charities Act, submit their annual report and the financial statements for the year ended 30th June 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP 2005) “Accounting and Reporting by Charities” in preparing the annual report and financial statements of the charity.

1. Legal and Administrative Details

The Trust was first established under a Deed of Trust on 21 February 1992 and registered as an unincorporated charity in England and Wales under the Charities Act 1960 and 1985. The original Deed of Trust was amended by way of a new Declaration of Trust dated 27 October 2000 and by Resolution dated 17 May 2004, a second Resolution dated 8 October 2010 and a third Resolution dated 29 May 2014.

In May 2023, the Trustees determined that it was in the furtherance of the Object for the Charitable undertaking to be transferred to a Charitable Incorporated Organisation (CIO) and work was commissioned to effect the transfer. On 6 November 2023, the assets and liabilities of The Hong Kong LEP Trust (1083846) were transferred to The Hong Kong LEP Trust (1204742), a CIO (its corporate successor), with the granting of an indemnity under section 105 of the Charities Act 2011, under the authority of the Charity Commission.

Registration Number	1204742
Civil Area	National and Overseas
Registered Address	Regimental Headquarters The Royal Logistic Corps Building 204 Worthy Down Camp Winchester Hampshire SO21 2RG

2. Trust Organisation

<u>Patron</u>	The Duchess of Kent GCVO
<u>President</u>	Admiral Sir Timothy Fraser KCB ADC
<u>Vice Presidents</u>	Major General D L Burden CB CVO CBE Brigadier C J A Hammerbeck CB CBE (appointed November 2023) Mr Peter K C Woo GBM GBS JP

The body of Trustees consists of at least three persons, at least one of whom shall be a member of the Hong Kong Executive Committee. There is no maximum number of charity trustees that may be appointed to the CIO. Each future Trustee shall be appointed by resolution of the Trustees for a term of three years. Any Trustee may be re-appointed on the expiration of their period of office.

3. Constitution

The Hong Kong LEP Trust is governed by its Constitution dated 6 November 2023.

4. **Charity Trustees – all appointed on 6 November 2023**

Brigadier R J Bacon (Chairman of Trustees)
Major General D S Jolliffe CB FRCP
Commodore G B Sutton OBE
Mr Cowen B Chiu MH
Colonel MCH Underhill OBE DL
Commander K J Broadley RN
Lieutenant Colonel R H Illingworth
Lieutenant Colonel P S Messervy MBE
Major R M Sowden
Captain P W Lam MBE
Mr M F H Adler TD

5. **Executive Committee in Hong Kong**

Lieutenant Colonel P S Messervy MBE (President)
Commander J H M McGowan RN
Captain P W Lam MBE
Captain B Murphy MB ChB (Aberd) MFFLM
Mrs M Bent
Mr Cowen B Chiu MH
Dr P L T Wong JP
Captain W K Yau MBE - Secretary

6. **Senior Management Personnel**

Lieutenant Colonel I G Stark FCMI - Treasurer
Lieutenant Colonel S A Yafai – Secretary

7. **Bankers**

Holt's Military Banking
200 Fowler Avenue
Fowler Business Park
Farnborough
Hants
GU14 7JP

8. **Independent Examiner**

9. **Investment Manager**

Armed Forces Charities Growth & Income Fund

(Managed by BlackRock
12 Throgmorton Avenue, London, EC2N 2DL)

10. Organisation

- a. The Hong Kong Locally Enlisted Personnel (LEP) Trust was established in Hong Kong in 1992, five years prior to the transfer of sovereignty of Hong Kong to China. The work of the Trust is to provide support to the primarily Hong Kong based 8,400 former members of the Royal Navy (Hong Kong) Division and Hong Kong Military Service Corps and their dependants who remain in the Special Administrative Region. The average age of the former LEPs is now 68, with the youngest in their mid-50s and eldest in their late 90s. The LEPs all served in the British Armed Forces prior to Hong Kong's handover in 1997; the last of the World War Two veterans passed away in 2021. Significantly, none of the LEPs in Hong Kong are eligible for any UK Armed Forces Pension.
- b. The Object of the Trust is the relief of former members of the Royal Navy (Hong Kong) Division and the Hong Kong Military Service Corps and their dependants who are in need, hardship or distress in such ways as the Trustees from time to time think fit.
- c. The Trust essentially provides welfare and benevolence support to the LEP veterans in Hong Kong; it supports the activities of the Hong Kong Ex Servicemen's Association (HKESA) in Hong Kong, Canada and UK and it runs an annual summer camp for LEP veterans and their family members. As the average age increases, the emphasis is increasingly on tackling isolation through social inclusion, welfare provision and benevolence.
- d. Whilst the prime focus of the Trust's activities remains in Hong Kong, the Trust itself is UK-based for funding and charitable purposes; this is because the Hong Kong Government does not recognise the charitable status of the British ex-Service community and this extends to those who served in the British Army or Royal Navy as LEPs.
- e. The portfolio assets of the Trust are used to generate the majority of the annual income requirement with the balance sought through grants from the Service benevolent fund charities and other charities. In July 1997, the Trust's investment portfolio was transferred to the UK and in September 2014 the decision was taken to transfer all investments into the Armed Forces Common Investment Fund (AFCIF) (managed by Blackrock), to maximise trust income and reduce administration and related management charges. In December 2019, the Common Investment Fund was closed and the funds were transferred to a Charity Authorised Investment Fund (CAIF), the Blackrock Armed Forces Charities Growth & Income Fund.
- f. There is a (salaried) Veterans Outreach Officer (VOO) whose duties also include being the Secretary for the Executive Committee in Hong Kong, working in close co-operation with the Royal British Legion Hong Kong and China Branch. The VOO post provides a vital focal point for all Hong Kong ex-LEPs, enabling the benevolent aims of the Trust to be identified and met.
- g. The Trustees' original 50-year plan, approved in principle by the Charity Commissioners, was to build-up capital investments ranging between £1,500,000 to £2,000,000 to provide sufficient annual income to meet the objects of the Trust. An Investment Target/Reserves Policy was adopted by the Trustees and is reviewed annually. Actuarial analysis conducted in 2014 revealed that the Trust would need to be able to meet the benevolence needs for ex-members and their dependants until circa 2060, with demand increasing in the later years as the age of the surviving cohort of ex-members rises.

11. Governance

Under charity law, the Trustees shall prepare accounts for each financial period, which show a true and fair view of the state of affairs of the Charity and of income and expenditure. In preparing those accounts, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether the recommendations of the UK Statement of Recommended Practice SORP 2005 (Accounting by Charities) have been followed, subject to any material departures

disclosed and explained in the accounts; preparation is underway to implement the provisions of SORP 2015.

- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the charity will continue its activities.

The Trustees are required to act in accordance with the Trust Deed of the Charity, within the framework of trust law. They are responsible for keeping proper accounting records. They have general responsibility for taking such steps as are reasonably open to them, to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

The Trust is a member of Cobseo, the Confederation of Service Charities, and is fully compliant with Cobseo Governance Practices, based on the good governance standards set out in the non-statutory Charity Governance Code in England and Wales.

12. **Public Benefit and Current Activity**

In Hong Kong, this last year has been ‘business as normal’ with the prime focus being the identification of individual cases for welfare and benevolence support, and delivering the necessary support on a regular basis.

- a. Providing benevolence support for former LEPs and their immediate families who are in need; their circumstances range from living in elderly residential homes to lonely single living. This support will always be the primary focus.
- b. Supporting the wider welfare activities of the former LEP community, which in the unique setting of Hong Kong and its family orientated society, provides the means to identify and, if necessary, alleviate hardship.
- c. Maintaining and supporting the Hong Kong Ex-Servicemen’s Association (HKESA) clubhouse and offices in Cheung Sha Wan.
- d. Maintaining good relationships with the British Legion (Hong Kong & China Branch), the World War 2 Association and other ex-servicemen’s organisations, whose members are free to use the HKESA clubhouse facilities.

13. **Future Strategy**

Trustees periodically review the Trust’s strategy and last did so in 2020, confirming that:

- a. The objects of the Trust remain, with the emphasis on supporting those in need.
- b. There is a broader welfare need than simple benevolence, focusing as it does on the independence of the HKESA community.
- c. The resources of the Trust alone will be insufficient to meet all the needs of the LEP community. The Trust will therefore provide immediate support and act as a conduit to other ex-Service charities and appropriate departments and agencies of the Hong Kong Government, for secondary welfare support.
- d. The key elements of the Trust’s strategy are:
 - (1) That the level of grants made to Hong Kong should be reviewed annually.
 - (2) That increasing self-sufficiency of LEP social activity is to be actively encouraged.
 - (3) That those LEP who are not based in Hong Kong should also be supported by the Trust.
- e. Trustees also reviewed the size and the representational balance of the board of Trustees.

14. Welfare Assistance

The Executive Committee of the Trust meets in Hong Kong on a quarterly basis and all committee members have attended meetings. There is a welfare sub-committee to consider applications for assistance and close contact is maintained with the Trust in UK. The clubhouse is well used and run by the HKESA Committee; it remains a popular focal point for all Hong Kong LEP. The Gurkha ex-servicemen's association in Hong Kong also use the clubhouse for their monthly meetings. In addition, it has an office for the VOO/Secretary to the Executive Committee, ensuring that those in need can be readily identified and helped.

According to the Economist Intelligence Unit 2024, Hong Kong SAR is in the top 10 of world cities with the highest living costs, alongside Singapore. However, despite sound economic growth and an unemployment rate of only 3%, job opportunities for former LEPs have become fewer since the Covid pandemic.

Because of the significantly increasing costs and the continually expanding scope and value of the VOO/Secretary post, a successful application was made to ABF The Soldiers' Charity for a grant of £12,000 in February 2024 to help replicate the caseworker support service provided in UK by SSAFA and the Royal British Legion; a proportional grant was requested from the Royal Navy & Royal Marines Charity and a grant of £7,000 was generously made in December 2023. An additional benefactor donated £7,500 in April 2024. These grants, totalling £26,500 have enabled the Trust to continue to provide its full level of support to the LEP community without depleting the capital reserves which generate most of the Trust's income. The Trust is immensely grateful to the two Service benevolent funds for their continuing vital support.

15. Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate these risks. The Trust's funds are all actively invested for the generation of income for expenditure on the Trust's Objects. An Investment Target/Reserves Policy is in place to control these funds.

16. Summary

The Trust has funds of £1,835,412 as at 30th June 2024, an increase of £90,915 over the previous year (£1,744,497), attributable to investment gains. Careful management to ensure the continuing growth of the fund, whilst also discharging the Trust's welfare responsibilities, remains a priority. Trustees remain alert to the need for further fundraising as welfare demands potentially increase.

Approved on behalf of the Board of Trustees on:

November 2024

Signed:

Brigadier R J Bacon - Chairman of Trustees

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE HONG KONG LOCALLY ENLISTED PERSONNEL TRUST

I report on the accounts for the year ended 30th June 2023 set out on pages 8 to 13.

Respective Responsibilities of the Trustees and Examiner

As the Charity's Trustees you are responsible for the preparation of the accounts. You consider that the audit requirement of Section 43(2) of the Charities Act 2011 (the Act) does not apply. It is our responsibility to state, on the basis of procedures specified in the General Directions given by the Charity Commissioners under Section 43(7)(b) of the Act, whether particular matters have come to our attention.

Basis of Independent Examiner's report

Our examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently we do not express an audit opinion on the view given by the accounts.

Independent Examiner's statement

In connection with our examination, no matter has come to our attention:

- which gives us reasonable cause to believe that in any material respect the requirements to keep accounting records in accordance with section 41 of the Act; and to prepare accounts which accord with the account records and to comply with the accounting requirements of the Act have not been met; or
- to which, in our opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

Date: November 2024

THE HONG KONG LOCALLY ENLISTED PERSONNEL TRUST

BALANCE SHEET

30 JUNE 2024

		2024	2023
	Note	£	£
<u>FIXED ASSETS</u>			
Investments	2	1,767,753	1,674,940
<u>CURRENT ASSETS</u>			
Cash at bank – UK		67,659	69,557
		_____	_____
		67,659	69,557
Creditors: amounts falling due within one year		0	0
Sundry Creditors		_____	_____
Debtors: investment dividends due but not received in year		0	0
Sundry Debtors		_____	_____
		67,659	69,557
<u>NET CURRENT ASSETS</u>		_____	_____
<u>NET ASSETS</u>		1,835,412	1,744,497
		=====	=====
<u>FUNDS</u>			
General Fund (Unrestricted)		1,835,412	1,744,497
<u>TOTAL FUNDS</u>		1,835,412	1,744,497
		=====	=====

Approved on behalf of the Trustees on November 2024

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Brigadier R J Bacon – Chair of Trustees

THE HONG KONG LOCALLY ENLISTED PERSONNEL TRUST
STATEMENT OF FINANCIAL ACTIVITIES FOR

THE YEAR ENDING 30 JUNE 2024

		UNRESTRICTED FUNDS	
	Notes	2024	2023
		£	£
INCOMING RESOURCES			
Investment income	3	69,648	65,500
Donations	4	26,500	24,500
Returned Funds		0	0
Total incoming resources		<u>96,148</u>	<u>90,000</u>
RESOURCES EXPENDED			
Direct charitable expenditure	5	96,497	77,387
Management and administration	6	<u>1,550</u>	<u>405</u>
Total expenditure		<u>98,047</u>	<u>77,792</u>
Net changes in resources before transfers and valuations		0	0
Gains and losses on revaluation and sale of investments			
Investment (losses) / gains		92,813	(77,014)
Investment movement in funds		90,915	(64,274)
Funds balance brought forward 1st July 2023		<u>1,744,497</u>	<u>1,808,771</u>
Funds balance carried forward 30th June 2024		<u>1,835,412</u>	<u>1,744,497</u>

There were no other recognised gains or losses for 2024 or 2023 other than those included in the Statement of Financial Activities

THE HONG KONG LOCALLY ENLISTED PERSONNEL TRUST
NOTES TO THE ACCOUNTS FOR
THE YEAR ENDING 30 JUNE 2024

1. ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost convention and include the results of the Trust's activities, which are described in the Trustees report. These accounts have been prepared in accordance with SORP 2005 and the Charity's Act 1993. The Trustees have taken advantage of the exemptions within FRS 1 from the requirement to prepare a cash flow statement because it qualifies as a small charity.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation except where in the Trustees' opinion it is more appropriate to write the asset off in the period in which it is acquired. Where depreciation is provided, it is calculated using the following rates:

Equipment - 25% straight-line basis

1.3 Investments

Investments are carried at market value. Investment income is derived from interest and dividends received on investments.

1.4 Translation of foreign currencies

Foreign currency transactions during the period are translated into Sterling at the exchange rate ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the statement of financial activities.

1.5 Grants

Grant expenditure is shown in the statement of financial activities when paid.

2. INVESTMENTS

	2024		2023	
	£	£	£	£
	Cost	Market Value	Cost	Market Value
	£	£	£	£
Investment Portfolio	1,400,000	1,767,753	1,400,000	1,674,940
Cash	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
	<u>1,400,000</u>	<u>1,767,753</u>	<u>1,400,000</u>	<u>1,674,940</u>
Listed Investments				
Portfolio Structure				
			2024	2023
			£	£
AFC G&I F			<u>1,767,753</u>	<u>1,674,940</u>

THE HONG KONG LOCALLY ENLISTED PERSONNEL TRUST
NOTES TO THE ACCOUNTS - contd

2. INVESTMENTS (continued)

Holdings in Excess of 5% of Portfolio

AFC G&I F Income Units	100%	1,767,753
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3. INVESTMENT INCOME

2024	2023
£	£

Dividends received – AFC G&I F	68,657	65,500
Bank Interest RBS	<u>991</u>	<u>501</u>
	<u>69,648</u>	<u>66,001</u>

4. DONATIONS

2024	2023
£	£

Donations received in the UK	<u>26,500</u>	<u>24,500</u>
	<u>26,500</u>	<u>24,500</u>

5. DIRECT CHARITABLE EXPENDITURE

2024	2023
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GRANTS

£	£
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UK Association Branch	3,200	2,800
Canada Branch	0	0
Summer Camp HK	5,000	0
Communication HK	9,000	8,000
Benevolence / Welfare	35,000	30,000
Hong Kong Ex Servicemen Association (HK)	9,000	8,250
RN/Maritime Association (Hoi Luen Society)	1,000	750
	62,200	49,800

OTHER COSTS

Hong Kong costs incl Salary	29,257	27,572
	<u>29,257</u>	<u>27,572</u>

THE HONG KONG LOCALLY ENLISTED PERSONNEL TRUST
NOTES TO THE ACCOUNTS - contd

6. MANAGEMENT AND ADMINISTRATION	2024	2023
	£	£
Management Committee	0	0
Bank Charges	15	45
Trustees Travel / Expenses	0	225
COBSEO Membership	120	120
Independent Examiner	0	0
Inspection Flights	1,400	0
Salary transfer charge	<u>15</u>	<u>12</u>
	<u>1,550</u>	<u>402</u>
Creditors: Independent Examiner	1,020	1,020
	<u>1,020</u>	<u>1,020</u>

Trustees are not remunerated. No Trustees received reimbursement of expenses for attending meetings in HK, due to Covid-19 and in the UK all meetings were held online (2023 £0.00).

7. STAFF COSTS AND EMOLUMENTS	2024	2023
	£	£
Gross Salary	<u>29,257</u>	<u>27,560</u>
Number of Staff:	1	1
Earnings between £20,000 - £30,000	<u>1</u>	<u>1</u>

There were no employees with emoluments above £60,000.

8. ASSETS IN HONG KONG

Following the decision to transfer financial support arrangements in Hong Kong to be run via the Royal British Legion (HK). Upon closure of HK LEP bank accounts in 2021 a total of HK\$536,650 (£50,964 @ exchange rate HK\$ 10.53 / £1) was transferred to the RBL. There are no residual HKLEP Trust assets in Hong Kong.

