Registered number: 02913375
Charity number: 1055710

CHATHAM MARITIME TRUST

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

CHATHAM MARITIME TRUST
(A company limited by guarantee)

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CHATHAM MARITIME TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2018

Trustees

Mr A Mackness ***Chair***	*Independent*
Mr PN Haigh (appointed 1 May 2018)	*St Mary's Island Residents Association Limited*
Mr S Harriott (3)(4)	*Independent*
Mr A B Horwood (1)(2)	*Independent*
Cllr V Maple (1)	*Medway Council*
Dr RE Muid (resigned 26 March 2018)	*St Mary's Island Residents Association Limited*
Mr JR Perry (1)(4)	*Homes and Communities Agency*
Mr RG Russell	*South Maritime Residents Limited*
Mrs DJ Sims (2)	*Independent*
Mr AP Sutton (2)(3)	*South Maritime Residents Limited*
Mr DJ Taylor (1)(2)(3)(4)	*St Mary's Island Residents Association Limited*
Cllr HOS Tejan (appointed 1 May 2018)	*Medway Council*
Ms KJ Tolhurst MP	*Independent*
Mr VG Towell (1)	*Independent*

(1) Denotes member of Finance Group
(2) Denotes member of Charitable Objectives Group
(3) Denotes member of Covenants Group
(4) Denotes member of Water Sports Group

Company registered number
02913375

Charity registered number
1055710

Registered Office
The Observatory, Brunel, Dock Road, Chatham Maritime, Kent, ME4 4AF

Chief Executive Officer
Mr JWK Sadler

Company Secretary
Mr PA Hall

Independent auditors
MHA MacIntyre Hudson, Victoria Court, 17-21 Ashford Road, Maidstone, Kent, ME14 5FA

Bankers
HSBC Bank PLC, South Commercial Centre, Lakeview West, Crossways Business Park, Dartford, Kent, DA2 6QE

Solicitors
Thomson Snell & Passmore, 3 Lonsdale Gardens, Tunbridge Wells, Kent, TN1 1NX

Investment Manager
Rathbone Investment Management Ltd, 8 Finsbury Circus, London, EC2M 7AZ

CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

This is our 20th year and I would like to reflect on the tremendous progress we have made since March 1997.

At formation of the Trust there were only 21 houses on St Mary's Island and 15 commercial properties South of the Basins, whereas now the Chatham Maritime Estate is a vibrant residential, commercial and academic development where some 25,000 people Live, Work, Study & Play. In June 2017 the Trust was shortlisted in two categories for the Medway Design and Regeneration awards.

St Mary's Island now has 1,439 dwellings expected to rise to 1,751 by completion in June 2022, plus a Community Centre, Doctor's Surgery, Pharmacy and a Primary School rated as "Good" by Ofsted. Currently the school is being expanded from 2 to 3 form entry and by September 2018 will be providing 630 places plus additional nursery provision. There are a number of well supported clubs and societies including the Island Castaways youth club, SaintARA (Active Retirement Association) and the History Group. St Mary's Island has a very low crime rate and benefits from the Trust's work in maintaining the flood defences, HMS Chatham Bridge and the high quality of our estate maintenance.

The South of Basins commercial estate is close to full development, incorporating some 40 commercial properties, including the Dockside Outlet Centre, Odeon Cinema, Travelodge Hotel, Busy Bees Nursery, three gyms and numerous cafes, bars and restaurants catering for a wide range of tastes and budgets. There is the 412 berth Chatham Maritime Marina, and the Chatham Quays residential estate of which incorporates 332 apartments. The Colonial House former office building is being developed by Persimmon Homes to provide up to 253 dwellings and 3,650 sqft of class A1 retail floor space. The Dockside Outlet Centre has obtained planning consent for the change of use for Machine Shop No.8 to provide 27,500 sq.ft of class D2 leisure space, which will ensure the preservation of this fragile historic structure.

Universities at Medway is a unique partnership which has brought together the University of Greenwich, the University of Kent, Canterbury Christ Church University and Mid-Kent College on a shared campus. The £120 million scheme was the first of its kind in this country. Each of the four institutions has its own buildings and offers its own range of full and part-time courses. By being on a shared campus, students have access to a wide range of first-class facilities, including the Drill Hall Library, Sports Hall and Deep End student hub.

Across the community, the charity bulb planting day supported Marie Curie Cancer Care, the Food and Drink Festival and the Chatham Maritime 10k Run have become established annual events, and we are pleased to see increased water sports activities in Basin 2 in conjunction with Shaftesbury Homes & Arethusa. During the year our Community Fund gave grants to provide a Youth Leader for Island Castaways Youth Club, Medway Youth Trust New Horizons Programme 2017, St John's Church of England Infant School, National Rotary Kids Day Out, Mencap's Medway Music Man Project and 10th Medway Sea Scouts.

The Trust maintains close working links with its member organisations, Homes England, Medway Council, St Mary's Island Residents Association Limited and South Maritime Residents Limited and continues to manage its estate prudently. Our long term strategic plan is kept under review and enables us to plan successfully for the future of the Estate, including possible schemes for a new water sports club house and a small estate office for the Trust.

Since the end of the year Peter Haigh has replaced Bob Muid as one of the SMIRA trustees and Habib Tejan has replaced Kelly Tolhurst MP as one of Medway Council's trustees. I would like to welcome Peter and Habib and thank Bob for his valuable contribution since 2012. Kelly has accepted our invitation to remain on the Board as an independent trustee. Finally, my thanks go to the staff at the Observatory and the Community Centre who continue to work in such a dedicated way to manage the Trust's business on a day to day basis.

Mr A Mackness
Chair
Date 27 July 2018

TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Trustees (who are also directors of the charity for the purposes of the Companies Act) submit their annual report together with the audited financial statements of Chatham Maritime Trust (the company) for the year ended 31 March 2018. The Trustees confirm that the annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in January 2015.

Since the company and the group qualify as small under section 383, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. CONSTITUTION

The Trust was incorporated under the name of Chatham Medway Limited on 28 March 1994. By a special resolution dated 25 March 1997 its name was changed to Chatham Maritime Trust. The charity was set up by a Memorandum of Association. Registration with the Charity Commission was obtained on 30 May 1996.

b. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Trust has four member organisations, who each have a significant interest in the future of the Chatham Maritime Estate: Medway Council, Homes England ("HE") (formerly the Homes and Communities Agency), St Mary's Island Residents Association Limited ("SMIRA") and South Maritime Residents Limited ("Southco") which represents investors in and businesses on the Estate.

The four member organisations have the right to appoint seven Trustees: two each from Medway Council, SMIRA, Southco, and one from HE. In addition, there are a number of independent Trustees who have strong local connections and/or professional skills valuable to the Trust. There are currently six such independent Trustees and one third of them retire by rotation each year at the AGM.

By way of induction, new Trustees are provided with a comprehensive Handbook and introductory meetings are arranged with the Chief Executive and senior management team. If they do not have experience of working with charities, they are offered additional training and support.

The Board usually meets six times during the year and also has sub-committees which meet separately to consider Financial Regulation, Charitable Objectives, Restrictive Covenants and Water Sports, and to make recommendations thereon to the Board.

The Chief Executive is appointed by the Trustees to advise on strategy and development, and manage the day to day operations of the charity. The Chief Executive has delegated authority for all operational matters, within terms of delegation approved by the Trustees, and is supported by a management team who deal with the day to day management of the Chatham Maritime Estate, including collection of rent charges and service charges, arranging infrastructure maintenance and services, and dealing with covenant and landlord matters.

c. RISK MANAGEMENT

The charity maintains a risk register which is updated by the Chief Executive and reviewed by the Trustees on a regular basis. The major risks faced by the Trust are :-

- Accidental death or serious injury of a member of the public on Trust land
- Accidental death or serious injury of an employee or contractor
- Physical damage to or collapse of flood defences
- Failure of basin walls

To mitigate these risks the Trust implements a range of Health and Safety procedures and regular physical inspections across the Chatham Maritime Estate, continuously monitors the Estate via closed circuit television cameras and only employs approved contractors that can demonstrate satisfactory quality assurance procedures.

Objectives and activities

a. POLICIES AND OBJECTIVES

The Trust's objects are set out in its Memorandum of Association and are primarily to provide or to assist in the provision of amenities for the benefit of the citizens of the Medway Towns and generally for the benefit of the public, the site being part of the former Chatham Dockyard ("the Development").

These amenities include the following:

- Planting trees and undertaking landscaping and other environmental improvements to such part or parts of the Development site as is or are in public ownership, or the freehold which (unencumbered by any leasehold interest) is for the time being vested in HE, or the freehold which is for the time being vested in the Trust and is or are accessible by the public at large;
- Repair and maintain the bridges and flood protection wall within the Development;
- Control and maintain the appliances and amenities of the Development and to construct, maintain and repair landscaping, parks and other public areas, roads, lighting installations, walls, gates, barriers, landscaped areas, bridges and draining installations and other appurtenances and amenities on the Development and to keep the same in good order and condition;
- To provide or to assist in providing facilities to the public at large, including those that may need special facilities, for recreation or other leisure time occupation in, or in connection with, the Development and its neighbourhood;
- To educate and assist young persons and other members of the community of Medway and its neighbourhood through their leisure time activities so as to develop their physical, mental and spiritual capacities and so that their conditions of life may be improved and in furtherance of that objective to provide, at the facilities to be provided by the trust, lectures, classes and training facilities which will be made available to the public using such facilities;
- To undertake such other charitable purposes which are exclusively charitable according to the law of England and Wales as the Trustees may from time to time determine.

Achievements and performance

a. REVIEW OF ACTIVITIES

The Trust continues to maintain its focus on key service delivery to residents and occupiers across the Chatham Maritime Estate. We operate within detailed budgets and endeavour to drive up value and quality of service provision where possible while simultaneously bringing costs down.

The Estate is maintained according to our Estate Management Charter, which is based on recommended best practice issued by the Royal Institution of Chartered Surveyors, and sets out the tasks and frequencies for the public areas, roads and footpaths, soft landscaping, water safety, security and health and safety, and the key performance indicators against which our contractors are monitored.

For the major items of infrastructure across the Estate a 150 year Planned Preventative Maintenance programme was specified by geotechnical consulting engineers Ove Arup & Partners in 1997, setting out the recommended cyclical maintenance requirements for all the assets, notably the flood wall and revetment, the basin walls, HMS Chatham Bridge and the encapsulated bunds which are fundamental to the physical security of the Estate.

Homes England ("HE"), the government agency responsible for the development of the Chatham Maritime Estate, still retains a number of assets across the Estate, mainly interface land. In November 2017 Medway Council in conjunction with HE issued for consultation an updated Development Brief for the Chatham Interface Land to enable the development of this key regeneration site to be brought forward. The development brief identifies the potential for a residential-led development with opportunities for supporting commercial uses. It will ensure that the site is developed in a manner that complements the existing Estate and the Historic Dockyard and is of a design appropriate to its sensitive historic setting. The Trust continues to press the case for the Chatham Maritime Estate to be built out as originally envisaged: that is as a premier business, residential, leisure and educational location, a "jewel in the crown" of the Medway Towns.

On St Mary's Island, housing development activity increased, with a number of new roads being added in Sector 13 including Whinchat Way, Westerly Way and extension of The Causeway, with developer Countryside Maritime completing and selling over 50 new houses during the year. Notable projects completed were the 5 year cyclical maintenance programme for HMS Chatham Bridge, low level lighting improvements around the northern bullnose area between Basins 1 and 2 and resurfacing and other improvements to the River Walk footpath. There was the annual community bulb planting day on Central West Bund in October 2017, in colours supporting the charity Marie Curie Cancer Care and also a number of other community events as reported under our public benefit statement on the next page. To improve biodiversity a wildlife garden to encourage bugs, bees and birds has been created on Finsborough Down, near the perimeter road.

At St Mary's Island Community Centre, we improved the facilities for our hirers by installing air conditioning in April 2017 and replacing the chairs in the meeting room. Booking volumes and the number of regular hirers have increased again during the year which enables us to continue to reinvest in the facilities.

Our investment property assets continue to generate good and steady rental incomes, and we generate fee income from the issue of consents and licences for alterations to properties and such like. The value of our professionally managed investment portfolios has increased slightly in line with changes in world stock market indices.

Since the end of the year Peter Haigh has replaced Bob Muid as one of the SMIRA trustees and Habib Tejan has replaced Kelly Tolhurst MP as one of Medway Council's trustees, although the latter has agreed to remain on the Board as an independent trustee. The Board continues to operate sub groups for Financial Regulation, Charitable Objectives, Restrictive Covenants and Water Sports for the efficient and effective management of the Trust.

Achievements and performance (continued)

b. PUBLIC BENEFIT STATEMENT

Chatham Maritime Trust undertakes the maintenance and guardianship of the 350-acre Chatham Maritime Estate. This is directly for the benefit of the residents, students, businesses and workers who reside at or use the Estate. The Estate is also freely accessible to the general public – there are public highways, footpaths and parks, plus shopping and a wide range of leisure activities. For public safety, the Estate is continuously monitored via closed circuit television cameras and the security provision also includes a fully funded Police Community Support Officer and out-of-hours mobile patrols by a private security contractor.

In particular, the Trust maintains three large parkland areas on St Mary's Island, a riverside walk around the Island perimeter, three children's play areas, and various other open spaces used by residents and the public in general. The Trust also maintains two large dock basins which form a valuable amenity and which are used for water based activities. The Trust provides a Community Centre on St. Mary's Island, with two halls and a meeting room available for hire by residents and non-residents.

The Chatham Maritime Estate is also used to host community events, notably the annual Food and Drink festival, which completed its fifth year in May 2018. This is an increasingly popular free 3 day event hosted by the Trust for the local community, attracting over 25,000 visitors, and the biggest fund raising event of the year for Medway Sunlight Rotary Club. April 2017 saw the inaugural Chatham Maritime 10k Run organised by Sporting Events UK in conjunction with the Trust, which we anticipate becoming an annual event. In June 2017 the Trust collaborated with other local organisations to facilitate Medway in Flames, the grand finale of The Battle of Medway Commemoration Events run by Medway Council, and a visit to Basin 2 by naval ships of the British and Dutch Navies.

The Trust operates a Community Fund from which it gives grants to support community events and activities. Whilst this fund represents only a small proportion of the Trust's expenditure, Trustees recognise that relatively small sums can make a significant difference within the community. During the year funding was provided for a Youth Leader for Island Castaways (the St Mary's Island Youth Club), and a number of other organisations including Medway Youth Trust for New Horizons Programme 2017, St John's Church of England Infant School for Early Years outside learning space, Medway Sunlight Rotary for National Rotary Kids Day Out, Mencap Medway Music Man Project and 10th Medway Sea Scouts for new canoes.

c. INVESTMENT POLICY AND PERFORMANCE

The Trust's investment objective is to maximise growth for future expenditure subject to generating sufficient income to meet immediate revenue needs. The Trust's funds are managed by professional investment advisors in accordance with these objectives and their performance is measured against a range of stock market indices.

Financial review

a. RESERVES POLICY

The Trust is responsible for the maintenance and management of extensive areas of park and public access land, and significant items of infrastructure including two Victorian dock basins and two bridges, well into the twenty second century, with little expectation of additional funds beyond current assets. The funds available to the Trust upon its inauguration in 1997 were determined to be adequate to meet these future responsibilities. Income from these investments is expected to be adequate to meet expenditure in most years, although occasional capital withdrawals are anticipated for periodic major replacement works.

Due to the uncertainty in predicting the quantum and timing of anticipated future maintenance expenditure, the Trustees continue to follow a prudent policy to seek to ensure that the funding available to future Trustees will remain adequate. It is part of this policy that, subject to minor exceptions, surplus funds will continue to be reinvested for growth to provide for future maintenance.

Financial review (continued)

b. RESULTS FOR THE YEAR

The results for the year are set out in the Statement of Financial Activities on page 11. This shows net income from restricted and unrestricted funds amounting to £401,829 (2017: net income £3,133,432).

The Trust has benefited from the revaluation of it share portfolios, in line with changes in world stock market indices, resulting in realised and unrealised gains for the year of £87,748 (2017: gains of £2,218,912).

A net movement of funds of £489,577 has been added to reserves (2017: added to reserves £5,352,344). Total reserves at 31 March 2018 were £20,481,845 compared with £19,992,268 at 31 March 2017.

Plans for the future

a. FUTURE DEVELOPMENTS

There are a number of further plots of land which are expected to be transferred from HE in due course and Medway Council and HE have consulted on an updated Development Brief for the Chatham Interface Land to enable the development of this key regeneration site to be brought forward. The Trust is also looking at opportunities both within and outside of the estate that may contribute to both the charitable objectives and also the financial health of the Trust in the future, including possible schemes for a new water sports club house and a small estate office for the Trust.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Chatham Maritime Trust for the purposes of company law) are responsible for preparing the Trustees' 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

AUDITORS

At the Annual General Meeting in December 2017 the Trustees re-appointed MHA MacIntyre Hudson as auditors.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 27 July 2018 and signed on their behalf by:

Mr A Mackness
Chair

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATHAM MARITIME TRUST

OPINION

We have audited the financial statements of Chatham Maritime Trust (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, Summary Income and Expenditure Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows and notes to the Financial Statements, 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 parent charitable company's affairs as at 31 March 2018 and of its 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 and the Charities Act 2011.

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 and the parent charitable company 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.

CONCLUSION RELATING TO GOING CONCERN

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATHAM MARITIME TRUST (continued)

OTHER INFORMATION

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

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

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 and 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 CHATHAM MARITIME TRUST (continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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 the charitable company's members, as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Colin G Mills ACA DChA

For and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors

Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5FA

Date: 20.8.2018

MHA MacIntyre Hudson are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

CHATHAM MARITIME TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
INCOME FROM:					
Donations and legacies	2	-	-	-	1,772,000
Investments	3	**703,023**	**63,995**	**767,018**	650,230
Charitable activities	4	**953,030**	**55,776**	**1,008,806**	965,180
Other income	5	**25,554**	-	**25,554**	1,035,053
TOTAL INCOME		**1,681,607**	**119,771**	**1,801,378**	4,422,463
EXPENDITURE ON:					
Raising funds	6	-	-	-	(28,419)
Other charitable activities	8	**1,303,310**	**96,239**	**1,399,549**	1,317,450
TOTAL EXPENDITURE	11	**1,303,310**	**96,239**	**1,399,549**	1,289,031
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)		**378,297**	**23,532**	**401,829**	3,133,432
Net gains/(losses) on investments	20	**78,020**	**9,728**	**87,748**	2,218,912
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		**456,317**	**33,260**	**489,577**	5,352,344
Transfers between Funds	24	**(14,224)**	**14,224**	-	-
NET INCOME/(EXPENDITURE)		**442,093**	**47,484**	**489,577**	5,352,344
Total funds at 1 April 2017		**17,586,733**	**2,405,535**	**19,992,268**	14,639,924
TOTAL FUNDS AT 31 MARCH 2018		**18,028,826**	**2,453,019**	**20,481,845**	19,992,268

All activities relate to continuing operations

The notes on pages 16 to 36 form part of these financial statements

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income		**1,681,607**	**119,771**	**1,801,378**	4,422,463
Gains/(Losses) on investments	18,19	**78,020**	**9,728**	**87,748**	2,218,912
GROSS INCOME/(EXPENDITURE) IN THE REPORTING PERIOD		**1,759,627**	**129,499**	**1,889,126**	6,641,375
Less: Total expenditure	11	**1,303,310**	**96,239**	**1,399,549**	1,289,031
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS		**456,317**	**33,260**	**489,577**	5,352,344
Transfers between Funds	23	**(14,224)**	**14,224**	**-**	-
Net income/(expenditure) for the year after transfers		**442,093**	**47,484**	**489,577**	5,352,344
NET INCOME/(EXPENDITURE) FOR THE FINANCIAL YEAR		**442,093**	**47,484**	**489,577**	5,352,344

The notes on pages 16 to 36 form part of these financial statements

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	17	**358,282**		368,645	
Heritage assets	18	**-**		-	
Investment property	19	**1,900,000**		1,900,000	
Total tangible assets			**2,258,282**		2,268,645
Investments	20		**19,294,424**		18,530,413
			21,552,706		20,799,058
CURRENT ASSETS					
Debtors	21	**829,133**		1,699,916	
Cash at bank and in hand		**2,316,621**		2,013,259	
		3,145,754		3,713,175	
CREDITORS: amounts falling due within one year	22	**(1,422,491)**		(1,684,308)	
NET CURRENT ASSETS			**1,723,263**		2,028,867
TOTAL ASSETS LESS CURRENT LIABILITIES			**23,275,969**		22,827,925
CREDITORS: amounts falling due after more than one year	23		**(2,786,124)**		(2,829,657)
PROVISIONS FOR LIABILITIES					
Other provisions	24		**(8,000)**		(6,000)
NET ASSETS			**20,481,845**		19,992,268
CHARITY FUNDS					
Restricted funds	25		**2,453,019**		2,405,535
Unrestricted funds	25		**18,028,826**		17,586,733
TOTAL FUNDS AT 31 MARCH 2018			**20,481,845**		19,992,268

The financial statements were approved by the Trustees on 27 July 2018 and signed on their behalf, by:

Mr A Mackness (Chair) **Mr A B Horwood**

The notes on pages 16 to 36 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	17	**358,282**		368,645	
Heritage assets	18	**-**		-	
Investment property	19	**1,900,000**		1,900,000	
Total tangible assets			**2,258,282**		2,268,645
Investments	20		**19,294,424**		18,530,414
			21,552,706		20,799,059
CURRENT ASSETS					
Debtors	21	**829,133**		1,699,916	
Cash at bank and in hand		**2,316,621**		2,013,258	
		3,145,754		3,713,174	
CREDITORS: amounts falling due within one year	22	**(1,422,491)**		(1,684,308)	
NET CURRENT ASSETS			**1,723,263**		2,028,866
TOTAL ASSETS LESS CURRENT LIABILITIES			**23,275,969**		22,827,925
CREDITORS: amounts falling due after more than one year	23		**(2,786,124)**		(2,829,657)
PROVISIONS FOR LIABILITIES					
Other provisions	24		**(8,000)**		(6,000)
NET ASSETS			**20,481,845**		19,992,268
CHARITY FUNDS					
Restricted funds	25		**2,453,019**		2,405,535
Unrestricted funds	25		**18,028,826**		17,586,733
TOTAL FUNDS AT 31 MARCH 2018			**20,481,845**		19,992,268

The financial statements were approved by the Trustees on 27 July 2018 and signed on their behalf, by:

Mr A Mackness (Chair) **Mr A B Horwood**

The notes on pages 16 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	28	**1,003,193**	2,192,640
Cash flows from investing activities:			
Proceeds from the sale of property, plant and equipment		**-**	1,602
Purchase of property, plant and equipment		**(23,568)**	(21,257)
Proceeds from sale of investments		**38,325**	326,680
Purchase of investments		**(714,588)**	(2,319,283)
Net cash used in investing activities		**(699,831)**	(2,012,258)
Change in cash and cash equivalents in the year		**303,362**	180,382
Cash and cash equivalents brought forward		**2,013,259**	1,832,877
Cash and cash equivalents carried forward	29	**2,316,621**	2,013,259

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006.

Chatham Maritime 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 Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest pound.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

The charity is a private company limited by guarantee without share capital. The members of the company are the four member organisations set out in the Trustees Report on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.3 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 company 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 company 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.

Endowment funds may be permanent endowment funds or expendable endowment funds. Permanent endowments are where trustees have no power to convert the capital into income, and the funds must normally be held indefinitely. Where trustees do have the power to convert capital into income such funds are known as expendable endowments. Income arising from endowment funds can be used in accordance with the objects of the charity and is included in unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example, the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Cost of raising funds includes investment manager fees.

Support costs are those costs incurred directly in support of expenditure on the objects of the company including project management.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.6 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from the date authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.7 Tangible fixed assets and depreciation

(i) Heritage assets

Heritage assets are the tangible assets of the charity that are of historical, artistic, scientific, technological, geophysical or environmental importance and are held and maintained principally for their contribution to the knowledge and culture of the Medway Towns and generally for the benefit of the public in accordance with the Trust's objectives.

Acquisitions of heritage assets only arise when included in land transferred to the Trust from the Homes England. Once acquired, they will be held for the foreseeable future and maintained to the same condition to ensure their contribution to knowledge and culture. All the assets are located in public areas of the Chatham Maritime Estate and are freely accessible to the public at all times for viewing and/or research.

1. ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation (continued)

(i) Heritage assets (continued)

Heritage assets are not recognised on the balance sheet because the cost of providing information on their cost or valuation significantly outweighs any benefit to the users of the accounts.

(ii) Other tangible fixed assets

Other tangible fixed assets are those tangible fixed assets which are used for charitable purposes but are not considered to be heritage assets. All tangible fixed assets over £1,000 are capitalised.

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Freehold improvements	-	10% straight line
Plant and machinery	-	10% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	16.67% straight line
Office equipment	-	16.67% straight line

1.9 Investment properties

Investment properties are included in the balance sheet at their open market value and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is necessary, in the opinion of the Trustees, in order to give a true and fair view of the financial position of the company and the group.

1.10 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

(i) Subsidiary undertakings:
Investments in subsidiaries are valued at cost less provision for impairment.

1.11 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and in hand includes cash, bank current accounts and bank deposit accounts with maturities of twelve months or less from the date of opening of the deposit account.

1. ACCOUNTING POLICIES (continued)

1.14 Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Pensions

The company operates a defined contribution Workplace pension scheme available to all employees and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.16 Operating leases

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.17 Judgement and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

- The carrying value of investment properties remains unchanged from the prior year financial statements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- The depreciation rates used are appropriate

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017
	£	£	£	£
Island Way Loop Road commuted capital sum	-	-	-	1,680,000
Shark Park endowment	-	-	-	20,000
Leviathan Way/Western Ave commuted capital sum	-	-	-	72,000
Total donations and legacies	-	-	-	1,772,000

In 2017, of the total income from donations and legacies, £Nil was to unrestricted funds and £1,772,000 was to restricted funds.

3. INVESTMENT INCOME

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017
	£	£	£	£
Deposit interest on advance payments	**17,651**	**1,137**	**18,788**	4,747
Investment income:				
Dowry fund	**324,449**	**-**	**324,449**	296,133
Pembroke fund	**170,726**	**-**	**170,726**	151,048
Starfish Play Area fund	**-**	**8,723**	**8,723**	6,622
Community Centre endowment fund	**-**	**5,503**	**5,503**	4,434
Shark Park Play area fund	**-**	**1,825**	**1,825**	1,579
Marine Infrastructure reserve fund	**8,488**	**-**	**8,488**	3,362
SMI Medium Term reserve fund	**18,908**	**-**	**18,908**	7,212
Tadpole Play Area fund	**-**	**1,881**	**1,881**	1,827
Island Way Loop Road endowment fund	**-**	**44,926**	**44,926**	6,591
Rents from investment properties	**162,801**	**-**	**162,801**	166,675
	703,023	**63,995**	**767,018**	650,230

In 2017, of the total investment income, £629,177 was to unrestricted funds and £21,053 was to restricted funds.

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017
	£	£	£	£
Service charge income	**317,180**	**55,776**	**372,956**	383,588
Transfer from service charge advance payment	**43,533**	**-**	**43,533**	43,533
Rent charge income	**509,443**	**-**	**509,443**	476,586
Community centre hire income	**69,293**	**-**	**69,293**	61,473
Watersports centre income	**13,581**	**-**	**13,581**	-
	953,030	**55,776**	**1,008,806**	965,180

In 2017, of the total income from charitable activities, £909,404 was to unrestricted funds and £55,776 was to restricted funds.

5. OTHER INCOME

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017
	£	£	£	£
Lease variation premiums	-	-	-	1,022,530
Sundry income	**25,554**	-	**25,554**	12,523
	25,554	-	**25,554**	1,035,053

In 2017, of the total of other incoming resources, £1,035,053 was to unrestricted funds and £Nil was to restricted funds.

6. INVESTMENT MANAGEMENT FEES

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017
	£	£	£	£
Dowry fund	-	-	-	(18,880)
Pembroke fund	-	-	-	(9,539)
	-	-	-	(28,419)

In October 2017, the Trust's bespoke investment funds were closed and the proceeds invested into a Non-UCITS Retail Scheme from which investment management fees are deducted at source out of capital.
In 2018 estimated fees deducted from capital were £67,576 (2017 : £59,594) in respect of unrestricted funds and £8,376 (2017 : £3,026) in respect of restricted funds.

7. GRANTS TO INSTITUTIONS

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017
	£	£	£	£
Community Fund expenditure	**7,521**	-	**7,521**	10,484
St Mary's Island Youth Club expenditure	**2,130**	-	**2,130**	-
	9,651	-	**9,651**	10,484

In 2017, of the total of grants to institutions, £10,484 was to unrestricted funds and £Nil was to restricted funds.

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Activities undertaken directly	9	**787,193**	**87,685**	**874,878**	804,953
Support costs	10	**506,466**	**8,554**	**515,020**	502,013
Grants to institutions	7	**9,651**	**-**	**9,651**	10,484
		1,303,310	**96,239**	**1,399,549**	1,317,450

In 2017, of the total expenditure on charitable activities, £1,256,598 was to unrestricted funds and £60,852 was to restricted funds.

9. DIRECT COSTS

	Activities undertaken directly £	Total 2018 £	Total 2017 £
Rent charge expenditure	**293,655**	**293,655**	274,470
Service charge expenditure	**244,876**	**244,876**	254,090
Public areas expenditure	**258,436**	**258,436**	209,969
Community centre expenditure	**68,099**	**68,099**	66,424
Watersports centre expenditure	**9,812**	**9,812**	-
	874,878	**874,878**	804,953

10. SUPPORT COSTS

	Support costs	Total 2018	Total 2017
	£	£	£
Administration expenses	**104,053**	**104,053**	104,344
Legal and professional	**19,486**	**19,486**	11,590
Profit on disposal of fixed assets	-	-	(26)
Irrecoverable VAT	**2,035**	**2,035**	-
Community centre	**1,675**	**1,675**	2,276
Trustee costs	**10,063**	**10,063**	8,077
Auditors remuneration	**12,400**	**12,400**	8,340
Wages and salaries	**287,992**	**287,992**	230,948
National insurance contributions	**26,912**	**26,912**	20,173
Pension costs	**14,340**	**14,340**	11,508
Temporary staff	-	-	69,909
Death in service scheme	**2,132**	**2,132**	1,915
Depreciation	**33,932**	**33,932**	32,959
	515,020	**515,020**	502,013

11. ANALYSIS OF EXPENDITURE BY TYPE

	Staff costs	Depreciation	Other costs	Total 2018	Total 2017
	£	£	£	£	£
Investment management fees	-	-	-	-	(28,419)
Costs of generating funds	-	-	-	-	(28,419)
Charitable activities:					
Activities undertaken directly	-	-	**874,878**	**874,878**	804,953
Support costs	**329,244**	**33,932**	**151,844**	**515,020**	502,013
Grants to institutions	-	-	**9,651**	**9,651**	10,484
Subtotal charitable activities	**329,244**	**33,932**	**1,036,373**	**1,399,549**	1,317,450
	329,244	**33,932**	**1,036,373**	**1,399,549**	1,289,031

12. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly	Support costs	Grants to institutions	Total 2018	Total 2017
	£	£	£	£	£
Rent charge expenditure	**293,655**	**184,887**	**-**	**447,763**	447,763
Service charge expenditure	**244,876**	**162,532**	**-**	**420,435**	420,435
Public areas expenditure	**258,436**	**104,679**	**7,521**	**314,682**	314,682
Community centre expenditure	**68,099**	**59,153**	**2,130**	**134,570**	134,570
Watersports centre expenditure	**9,812**	**3,769**	**-**	**9,812**	-
	874,878	**515,020**	**9,651**	**1,399,549**	1,317,450

13. NET INCOMING/(OUTGOING) RESOURCES

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	**33,932**	32,959
Auditors' remuneration	**12,400**	8,340
Auditors' remuneration - non-audit services	**8,700**	4,070
Pension costs	**11,508**	11,508

During the year none of the Trustees have been paid any remuneration or received any other benefits from an employment with the Trust or a related entity (2017: £Nil).

During the year, 4 Trustees have claimed expenses or had their expenses met by the Trust (2017: 4 Trustees):

	Reimbursed to Trustees	Paid Directly to 3rd parties	Total	Total
	2018	2018	2018	2017
	£	£	£	£
Travel expenses (4 Trustees; 2017: 4 Trustees)	**811**	**-**	**811**	588
Accommodation costs (1 Trustee; 2017: 1 Trustee)	**92**	**325**	**417**	343
	903	**325**	**1,228**	931

Under a standard 'Charity Protection Policy' both the Trust and the subsidiary company are covered for the wrongful acts of the companies, directors, Trustees, employees or agents. The total premium paid in the year under this policy to cover both companies was £5,956 (2017: £6,241).

14. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an audit fee of £12,400 (2017: £8,340) and non-audit services of £8,700 (2017: £4,070).

15. STAFF COSTS

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	**287,992**	230,948
Social security costs	**26,912**	20,173
Other pension costs	**14,340**	11,508
	329,244	262,629

The average monthly number of employees was: 9 (2017: 8) and the average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

	2018	2017
	No.	No.
Office and management	**8**	7

The number of higher paid employees was:

	2018	2017
	£	£
In the band £60,001 - £70,000	**1**	-

In 2017 there were no employees who received employee benefits (excluding employer pension costs) of more than £60,000.

16. TRUSTEES' AND KEY MANAGEMENT PERSONNEL REMUNERATION

The Trustees neither received nor waived any remuneration during the year (2017: £Nil)

The total amount of employee benefits (excluding employer pension costs) received by key management personnel is £164,463 (2017: £129,279). The Trust considers its key management personnel to comprise the Chief Executive, Finance Manager and Contract & Procurement Facility Manager.

17. TANGIBLE FIXED ASSETS

Group and Company	Freehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 April 2017	**325,000**	**8,377**	**80,008**	**54,473**	**467,858**
Revaluations	**-**	**3,335**	**(3)**		**3,332**
Additions	**-**	**22,408**	**1,160**	**-**	**23,568**
Disposals	**-**	**-**	**-**	**(298)**	**(298)**
At 31 March 2018	**325,000**	**34,120**	**81,165**	**54,175**	**494,460**
Depreciation					
At 1 April 2017	**13,000**	**4,591**	**42,830**	**38,792**	**99,213**
Revaluations	**-**	**3,335**	**(4)**	**-**	**3,331**
Disposals	**-**	**-**	**-**	**(298)**	**(298)**
Charge for the year	**6,500**	**3,225**	**17,274**	**6,933**	**33,932**
At 31 March 2018	**19,500**	**11,151**	**60,100**	**45,427**	**136,178**
Net book value					
At 31 March 2018	**305,500**	**22,969**	**21,065**	**8,748**	**358,282**
At 31 March 2017	312,000	3,786	37,178	15,681	368,645

18. HERITAGE ASSETS

In accordance with the Trust's accounting policy, heritage assets are not recognised on the balance sheet because the cost of providing information on their cost or valuation significantly outweighs any benefit to the users of the accounts.

The Trust is responsible for a number of structures of historical importance, including Finsborough Ness Slipway, the Blue Crane and Pembroke Coach House. There are also three Grade II listed buildings of special interest which are the Bell Mast, Pembroke Gate and Pembroke Gate House.

Of special artistic interest is "The Mariners", a contemporary steel, bronze and concrete structure by notable UK sculptor Sam Holland, commissioned to mark the millennium in 2000 and to reflect local maritime heritage.

Silt and mud flats on the north east side of St Mary's Island have been designated a Site of Special Scientific Interest by Natural England

All of the above assets are insured at a combined reinstatement value of £4.1 million (2017: £4.1 million).

18. HERITAGE ASSETS (continued)

The Trust also has freehold reversionary interests in a number of other buildings of historical importance which are currently occupied by long leasehold tenants and used for operational purposes, such as two Victorian Dock basins which are used for water based activities, the former Royal Naval Barracks of HMS Pembroke, which forms the core of the Universities at Medway campus and No.1 Boiler Shop which forms part of the Dockside Outlet shopping centre.

19. INVESTMENT PROPERTY

Group and Company	Freehold investment property £
Valuation	
At 1 April 2017 and 31 March 2018	**1,900,000**

The investment properties were revalued in 2015 by Salisbury & Co, Chartered Surveyors, on an open market value for existing use basis. The Trustees consider this valuation to still be appropriate as at 31 March 2018.

20. FIXED ASSET INVESTMENTS

Group	Dowry Fund £	Pembroke Fund £	Total £
Market value			
At 1 April 2017	**13,001,647**	**5,528,766**	**18,530,413**
Additions	**653,951**	**60,637**	**714,588**
Disposals	**(14,021)**	**(24,304)**	**(38,325)**
Revaluations	**62,281**	**25,467**	**87,748**
At 31 March 2018	**13,703,858**	**5,590,566**	**19,294,424**
Historical cost	**12,120,015**	**4,870,872**	**16,990,887**

20. FIXED ASSET INVESTMENTS (continued)

Group investments at market value comprise:

	UK	2018	2017
	£	£	£
Dowry Fund	**13,703,858**	**13,703,858**	13,001,647
Pembroke Fund	**5,590,566**	**5,590,566**	5,528,766
Total market value	**19,294,424**	**19,294,424**	18,530,413

Group material investments

There are no material investments held at the year end.

Company	Dowry Fund	Pembroke Fund	Shares in group undertakings	Total
	£	£	£	£
Market value				
At 1 April 2017	**13,001,647**	**5,528,766**	**1**	**18,530,414**
Additions	**653,951**	**60,637**	**-**	**714,588**
Disposals	**(14,021)**	**(24,304)**	**(1)**	**(38,326)**
Revaluations	**62,281**	**25,467**	**-**	**87,748**
At 31 March 2018	**13,703,858**	**5,590,566**	**-**	**19,294,424**
Historical cost	**12,120,015**	**4,870,872**	**-**	**16,990,887**

Company investments at market value comprise:

	UK	2018	2017
	£	£	£
Dowry Fund	**13,703,858**	**13,703,858**	13,001,647
Pembroke Fund	**5,590,566**	**5,590,566**	5,528,766
Group undertakings	**-**	**-**	1
Total market value	**19,294,424**	**19,294,424**	18,530,414

The 2017 share in group undertakings represents 100% of the ordinary share capital of Chatham Maritime Estate Limited. Chatham Maritime Estate Limited was a dormant company with net assets of £1 which was dissolved on 20 March 2018.

21. DEBTORS

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade debtors	**592,109**	1,003,689	**592,109**	1,003,689
Other debtors	**658**	560,000	**658**	560,000
Prepayments and accrued income	**236,366**	136,227	**236,366**	136,227
	829,133	1,699,916	**829,133**	1,699,916

22. CREDITORS
Amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade creditors	**90,956**	79,983	**90,956**	79,983
Other taxation and social security	**119,467**	344,897	**119,467**	344,897
Other creditors	**220,558**	229,123	**220,558**	229,123
Accruals and deferred income	**991,510**	1,030,305	**991,510**	1,030,305
	1,422,491	1,684,308	**1,422,491**	1,684,308

Deferred income:

	Group	Company
	£	**£**
Deferred income at 1 April 2017	**809,256**	**809,256**
Resources deferred during the year	**769,414**	**769,414**
Amounts released from previous years	**(809,256)**	**(809,256)**
Deferred income at 31 March 2018	**769,414**	**769,414**

Income has been deferred for rent, rent charges and service charges received in advance in respect of the next financial year.

23. CREDITORS

Amounts falling due after more than one year

Group and Company	2018	2017
	£	£
Deferred income:		
Advance payment of service charges	**2,786,124**	2,829,657

Deferred income:

	£
Deferred income at 1 April 2017	**2,829,657**
Resources deferred during the year	**-**
Amounts released from previous years	**(43,533)**
Deferred income at 31 March 2018	**2,786,124**

Between March 2001 and May 2004 the charity received commuted capital sums from the Homes and Communities Agency representing advance payment until 2082 of service charges in respect of certain leases on the South Maritime estate which were originally granted without service charge recovery provisions.

The deferred income has been invested and the income and revaluation gains or losses arising transferred to a designated general reserve known as the Pembroke fund reserve.

24. PROVISIONS

Group and Company	Provisions £
At 1 April 2017	**6,000**
Additions	**2,000**
At 31 March 2018	**8,000**

Provisions

The Trust has a lease for its office at The Observatory which expires on 8 June 2024, including the option for a tenant's break at 8 June 2019. At determination of the lease the Trust has a liability to re-instate all the non-structural alterations that it has made to the property. The Trustees consider it prudent to provide for a proportion of the costs of such re-instatement on an annual basis.

25. STATEMENT OF FUNDS

	Brought Forward 1 April 2017	Incoming Resources	Resources Expended	Transfers	Gains/ (Losses)	Carried Forward 31 March 2018
	£	£	£	£	£	£
Designated funds						
Community fund	1,793	-	(7,521)	10,450	-	**4,722**
Marine Infrastructure reserve	270,856	28,558	-	-	642	**300,056**
SMI Medium Term Infrastructure reserve	603,149	48,196	-	-	1,380	**652,725**
Pembroke fund reserve	3,174,864	214,259	(103,383)	(14,224)	25,467	**3,296,983**
	4,050,662	**291,013**	**(110,904)**	**(3,774)**	**27,489**	**4,254,486**
General funds						
Dowry Fund reserve	12,534,962	448,554	(198,683)	-	50,531	**12,835,364**
Revaluation reserve	42,771	-	-	-	-	**42,771**
Profit & Loss A/c	958,338	942,040	(993,722)	(10,450)	-	**896,206**
	13,536,071	**1,390,594**	**(1,192,405)**	**(10,450)**	**50,531**	**13,774,341**
Total Unrestricted funds	**17,586,733**	**1,681,607**	**(1,303,309)**	**(14,224)**	**78,020**	**18,028,827**
Restricted funds						
Starfish Play Area	284,140	8,723	(3,191)	-	1,274	**290,946**
Tadpole Play Area	61,778	1,880	(3,960)	-	349	**60,047**
Community centre endowment	182,396	5,503	(8,554)	-	835	**180,180**
Shark Park Play Area	57,037	1,825	(5,750)	-	394	**53,506**
SOB Reserve Fund	70,000	56,913	-	14,224	-	**141,137**
Leviathan Way/ Western Ave Landscaping Reserve	69,200	-	(4,800)	-	-	**64,400**
Island Way Loop Road fund	1,680,984	44,927	(69,985)	-	6,876	**1,662,802**
Total Restricted funds	**2,405,535**	**119,771**	**(96,240)**	**14,224**	**9,728**	**2,453,018**
Total of funds	**19,992,268**	**1,801,378**	**(1,399,549)**	**-**	**87,748**	**20,481,845**

25. STATEMENT OF FUNDS (continued)

Description of funds

Designated funds

The Community Fund reserve comprises funds designated annually at the discretion of the Board from which grants are given to support community events and activities, less expenditure arising in the year.

The Marine Infrastructure reserve represents accumulated net income from certain leases on the South Maritime Estate which contain provision for payment of a water charge in addition to the standard service charge as a contribution toward the cost of maintaining the dock basins and the sea lock and monitoring the levels and quality of water in the dock basins. The Trustees ring fence this income as a long term reserve fund for major marine infrastructure repairs.

The St Mary's Island Medium Term Infrastructure reserve is in relation to rent charge income received from Homes England, which since inception of Chatham Maritime Trust has indemnified the Trust for any shortfall in the rent charge income recovered from the St Mary's Island estate and this will continue until such time as the estate is fully developed. A proportion of such payments is allocated by the Trustees to create a reasonable reserve fund in relation to the anticipated cost of the replacement and/or renewal of items comprised in the rentcharge elements.

The Pembroke fund is a reserve fund which accumulates income and revaluation gains or losses arising from the advance payment of service charges by Homes England in respect of ongoing service charge payments for certain leases on the South Maritime estate which were originally granted without service charge recovery provisions.

General funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

These include the Dowry Fund reserve which is an expendable endowment fund created at the inception of Chatham Maritime Trust in March 1997 by a separate capital sum received from The Urban Regeneration Agency, a predecessor organisation of Homes England.

Restricted funds

The Starfish Play Area fund is an expendable endowment fund, created in July 2012 by receipt of a commuted capital sum from Barratt Homes (Southern Counties) Limited in substitution for their obligations in respect of the annual maintenance and periodic replacement of equipment for the provision of a children's play area in sector 5 of the St. Mary's Island estate.

The Tadpole Play Area fund is an expendable endowment fund created in July 2002 by receipt of a commuted capital sum from Redrow Homes (South East) Limited in substitution for their obligations in respect of the annual maintenance and periodic replacement of equipment for the provision of a children's play area in sector 3 of the St. Mary's Island estate.

The Community Centre fund is an expendable endowment fund created in March 2012 by receipt of a commuted capital sum from Countryside Maritime Limited in substitution for their obligations in respect of structural repairs to the Community Centre building for 20 years until 2032.

The Shark Park Play Area fund is an expendable endowment fund created in March 2013 by receipt of a commuted capital sum from Countryside Maritime Limited in substitution for their obligations in respect of the periodic replacement of equipment for the provision of a children's play area in sector 4 of the St. Mary's Island estate.

25. STATEMENT OF FUNDS (continued)

Restricted funds (continued)

The South of Basins ("SOB") Reserve fund was formed in April 2017 to meet the anticipated future costs of periodic preventative maintenance to avoid large fluctuations in the amount of service charge payable each year.

The Leviathan Way/Western Avenue Landscaping Reserve fund is an expendable endowment fund created in August 2017 by receipt of a capital sum from Medway Council to provide for annual maintenance of ancillary soft landscaping around those specific roads under licence for a period of 15 years.

The Island Way Loop Road fund is an expendable endowment fund created in September 2017 by receipt of a commuted capital sum from Countryside Maritime Limited in substitution for their obligations in respect of the annual maintenance of ancillary soft landscaping around Island Way East and Island Way West.

SUMMARY OF FUNDS

	Brought Forward 1 April 2017	Incoming Resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward 31 March 2018
	£	£	£	£	£	£
Designated funds	**4,050,662**	**291,013**	**(110,904)**	**(3,774)**	**27,489**	**4,254,486**
General funds	**13,536,071**	**1,390,594**	**(1,192,405)**	**(10,450)**	**50,531**	**13,774,341**
Unrestricted funds	**17,586,733**	**1,681,607**	**(1,303,309)**	**(14,224)**	**78,020**	**18,028,827**
Restricted funds	**2,405,535**	**119,771**	**(96,240)**	**14,224**	**9,728**	**2,453,018**
	19,992,268	**1,801,378**	**(1,399,549)**	**-**	**87,748**	**20,481,845**

26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018	Total funds 2017
	£	£	£	£
Tangible fixed assets	**358,282**	**-**	**358,282**	368,645
Heritage assets	**-**	**-**	**-**	-
Investment properties	**1,900,000**	**-**	**1,900,000**	1,900,000
Fixed asset investments	**16,841,406**	**2,453,018**	**19,294,424**	18,530,413
Current assets	**3,145,754**	**-**	**3,145,754**	3,713,175
Creditors due within one year	**(1,422,491)**	**-**	**(1,422,491)**	(1,684,308)
Creditors due after more than one year	**(2,786,124)**	**-**	**(2,786,124)**	(2,829,657)
Provisions for liabilities and charges	**(8,000)**	**-**	**(8,000)**	(6,000)
	18,028,827	**2,453,018**	**20,481,845**	19,992,268

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

	2018	2017
	£	£
Net income for the year (as per Statement of financial activities)	**489,577**	5,352,344
Adjustment for:		
Depreciation charges	**33,932**	32,959
(Gains)/losses on investments	**(87,748)**	(2,218,912)
(Profit)/loss on the sale of fixed assets	**-**	(27)
Decrease/(increase) in debtors	**870,783**	(1,132,526)
(Decrease)/increase in creditors	**(303,351)**	158,802
Net cash provided by operating activities	**1,003,193**	2,192,640

28. GROUP ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	**2,316,621**	2,013,259
Total	**2,316,621**	2,013,259

29. PENSION COMMITMENTS

A defined contribution Workplace pension scheme available to all employees is operated by Chatham Maritime Trust and the charge represents the amounts payable by the charity to the fund in respect of the year, which were £14,340 (2017 - £11,508). As at 31 March 2018 no contributions were outstanding.

30. OBLIGATIONS UNDER LEASE CONTRACTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group and Company	2018	2017
	£	£
Within one year	**35,293**	35,293
In two to five years	**134,726**	134,726
In over five years	**38,441**	71,389
	206,115	241,408

31. RELATED PARTY TRANSACTIONS

In 2018 the Trust paid a community grant of £1,000 to St John's Church of England Infant School, of which Cllr V Maple is Chair of Governors, for refurbishment of the Early Years outside learning space.

In 2017 £67,900 was paid to Focus Regeneration Ltd for the Interim Chief Executive Officer services of Mr J Sadler.

32. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Chatham Maritime Estate Limited	England	100%	Dormant

Chatham Maritime Estate was dissolved on 20 March 2018 as it was no longer required.

33. CAPITAL COMMITMENTS

	2018	2017
	£	£
Tangible fixed assets	-	22,408

At 31 March 2017 the charity had made contractual commitments for the installation of an air conditioning system at the St Mary's Island Community Centre.

34. FINANCIAL INSTRUMENTS

The carrying amounts of the charity's financial instruments are as follows:

FINANCIAL ASSETS

Measured at fair value through net income/expenditure	2018	2017
	£	£
Fixed asset listed investments	**19,294,424**	18,530,413

Debt instruments measured at amortised cost	2018	2017
	£	£
Trade debtors	**592,109**	1,003,689

FINANCIAL LIABILITIES

Measured at amortised cost	**2018**	2017
	£	£
Trade creditors	**90,956**	79,983
Other creditors	**220,558**	229,123
Total	**311,514**	309,106

The income, expenses, net gains and net losses attributable to the charity's financial instruments are summarised as follows:

Income and expense

	2018	2017
	£	£
Financial assets measured at fair value through net income/expenditure	**767,017**	650,230

Net gains and losses (including changes in fair value)

	2018	2017
	£	£
Financial assets measured at fair value through net income/expenditure	**87,748**	2,218,912

35. TAXATION

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 52 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.