
The Great Britain-China Centre

Annual Report and Accounts 2020-21

The Great Britain-China Centre

Annual report and accounts 2020-2021

For the period 1 April 2020 to 31 March 2021

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Non-profit-making Companies) Order 2009

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The Great Britain - China Centre (Limited by Guarantee)

Report and Financial Statements

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The Great Britain - China Centre (Limited by Guarantee) Company Information

Directors

Sir Martin Davidson KCMG	- Chair
Mr Alan Black	- Vice Chair
Mr Richard Jackson	- Vice Chair & Treasurer
Mr Timothy Danaher	
Mr Luke Graham	
Mr Andrew Gwynne MP	
Ms Alyson Pia MacRae	
Prof Katherine Morton	
Dr Charles Quan Li	
Ms Marina Wheeler QC	
Mr Rod Wye	

Nominee Directors

Mr David Thompson	- British Council
Mr Andrew Pittam	- Foreign, Commonwealth and Development Office

Co-opted Member

Mr Andrew Seaton

Company Secretary

Ms Merethe Borge MacLeod

Registered number

01196043
(Registered in England and Wales)

Registered Office

15 Belgrave Square
London
SW1X 8PS

Auditors

Comptroller and Auditor General
157 - 197 Buckingham Palace Road
London
SW1W 9SP

The Great Britain - China Centre (Limited by Guarantee) Directors' Report

The Directors present their report and financial statements for the period ended 31 March 2021. These accounts no longer include the results for the UK-China Forum because the Political Dialogues are run through The Great Britain-China Centre and no transactions have gone through the Forum in the year. The information contained in the Directors' Report is not subject to audit.

The financial statements have been prepared in a form directed by the Secretary of State for Foreign, Commonwealth and Development Affairs with the consent of the Treasury and in accordance with the Companies Act 2006 and the HM Treasury Financial Reporting Manual to the extent that the manual does not conflict with the Act.

The Great Britain-China Centre

The Great Britain-China Centre (GBCC) was established in 1974, and is an executive non-departmental public body. It is a Private Company limited by Guarantee without share capital. The Organisation is registered in England and Wales and domiciled in the United Kingdom. GBCC receives grant-in-aid (GiA) from the Foreign, Commonwealth and Development Office, formerly the Foreign and Commonwealth Office (FCO).

On 16th June 2020, the Prime Minister announced that from 2 September 2020, the Foreign and Commonwealth Office and the Department for International Development would merge into a new department to be called the Foreign, Commonwealth and Development Office (FCDO). All functions of the two existing departments have now transferred into the FCDO.

Principal activities

The company's principal activity during the year continued to be the promotion of closer cultural, professional, economic, educational, legal, judicial and other contacts between Britain and China and to encourage mutual knowledge and understanding.

Management Commentary:

Results

After taking into account the GiA of £500,000 (2019-20: £500,000) from the Foreign, Commonwealth and Development Office, the results for the year ending 31 March 2021 show an operating surplus of £130,529 (2019-20: surplus of £54,056). The surplus is mainly due to the high income from the China Business Environment Programme, which was planned during the Covid-19 travel restrictions and thus able to be fully implemented online.

The results for the year have been impacted by the Covid-19 outbreak in the UK and China since no travel between the two countries was possible. This meant that projects which relied on travel and face-to-face meetings could not go ahead as planned, negatively impacting revenue, whereas other projects where online exchanges were possible went ahead as planned.

The results for the year were improved by the reversal of an accrual of £16,000 from the previous year relating to Employer Allowance expected to be repayable and carried as a liability in 2019-20. During the year the company received confirmation that the amount was not repayable as discussed in note 6.

The Directors consider GBCC's financial position to be satisfactory.

The Great Britain - China Centre (Limited by Guarantee) Directors' Report (continued)

Directors

Directors who served on the Board during the year and who were Directors under the Companies Act 2006 are identified below. Co-opted members to the Board and the Company Secretary are not Directors.

Sir Martin Davidson KCMG	- Chair
Mr Alan Black	- Vice Chair
Mr Richard Jackson	- Vice Chair & Treasurer
Rt Hon Liam Byrne MP	- Resigned 7 September 2020
Dr William Godwin QC	- Resigned 24 June 2021
Mr Andrew Gwynne MP	- Appointed 8 October 2020
Mr Charles Haswell	- Resigned 24 June 2021
Prof Jude Howell	- Resigned 24 June 2021
Dr Charles Quan Li	
Ms Alyson Pia MacRae	
Ms Marina Wheeler QC	
Mr Rod Wye	- Appointed 23 April 2020

Nominee Directors

Mr Nicholas Thomas	- British Council - Resigned 1 September 2020
Mr David Thompson	- British Council - Appointed 8 October 2020
Mr Alex Pinfield	- FCO - Resigned 27 April 2020
Mr Rupert Ainley	- FCDO - Appointed 27 April 2020 and resigned 7 October 2021

None of the Directors are remunerated.

Audit and Risk Assurance Committee

GBCC's Audit and Risk Assurance Committee (ARAC) is a sub-committee of the Board. ARAC ensures that GBCC adheres to the highest standards of propriety in the management of public funds and also promotes the development of internal control systems. The ARAC considers management accounts and reserves, review of internal control, review of the risk register and any other relevant matters. As is the case with companies of its size, GBCC does not have its own internal audit function. It relies on FCDO Internal Audit Department to assist with this function.

During the year ended 31 March 2021 membership of the ARAC comprised:

Mr Richard Jackson	- ARAC Chair
Mr Charles Haswell	
Dr Charles Quan Li	

The Executive Director, China-Britain Business Council Group Finance Director, NAO Audit Manager, BDO Senior Audit Manager, FCDO Head of Audit and FCDO Deputy Head of Anti-Fraud and Corruption Unit are regular attendees. The GBCC Data Protection Officer is also invited to attend once per year.

Equal Opportunities

GBCC is an equal opportunities employer and is committed to ensuring that there will be no unlawful discrimination against any person who works for or with the GBCC. The Equality Act 2010 is followed. Decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria.

The Great Britain - China Centre (Limited by Guarantee) Directors' Report (continued)

Employee Information

Each member of staff has their performance against agreed objectives appraised annually. An integral part of this review requires the identification of training needs and the development of a training programme to address these needs.

Pension Liabilities

The treatment of pension liabilities is discussed under notes 2.8 and 16 in the Notes to the Financial Statements.

Audit Fee

The Directors confirm that the Comptroller and Auditor General is appointed as statutory auditor for the GBCC financial statements and that the auditors have not conducted any non-statutory audit work. The fee for the statutory audit was £14,050 (2019-20: £11,300).

Creditors

The average time taken to pay invoices in the current year was 38 days (2019-20: 34 days). The proportion of the aggregate amount owed to trade creditors at the year-end compared with the aggregate invoiced by suppliers during the year was equivalent to 25 days (2019-20: 8 days), which reflects a resumption to more normal activity levels at the year end.

Events since Year End

The landlord of 14/15 Belgrave Square and GBCC are in the process of negotiating the terms of a lease covering GBCC's continued occupation of those premises. The terms of that lease have not yet been agreed, and therefore at this stage it is not possible to estimate the financial effect of this lease on the financial statements.

Going Concern

The Directors and the Accounting Officer consider The Great Britain-China Centre to be a going concern.

The Foreign, Commonwealth and Development Office grant-in-aid is confirmed at £500,000 for the 2021-22 financial year which will cover 61% of budgeted core operating costs. The balance will be covered by earnings from externally funded projects and sponsorship and if necessary from reserves.

The Board keeps the issue of "Going Concern" under review and close liaison is maintained with the FCDO's China Department to ensure alignment with its China Strategy. Although it does not, and is not required to comply with the UK Corporate Governance code, GBCC follows best practice with regards to the consideration of viability and going concern and the Board has assessed forward strategy over a longer period than the 12 months required. The Board's scrutiny includes regular assessment of the main risks facing GBCC and management's methodology to address them. In addition, the FCDO has provided a letter of comfort whereby it undertakes to provide adequate financial assistance, should it be required, to enable the Great Britain China Centre to continue operating as a going concern for a period of at least twelve months from the date that the 2020-21 accounts are certified by the Comptroller and Auditor General.

Further information on Going Concern is contained within the Strategic Report in the GBCC Funding and Viability Statement on pages 11 to 13.

The Great Britain - China Centre (Limited by Guarantee)
Directors' Report (continued)

Losses and Special Payment

During the 2020-21 financial year GBCC incurred a foreign exchange loss of £2,525 (2019-20: loss £18,690). There were no other losses or special payments.

This report was approved by the Board on 24 June 2021.

Sir Martin Davidson
Chair

Date 18 October 2021

Merethe Borge MacLeod
Executive Director, Company Secretary and Accounting Officer

Date 18 October 2021

The Great Britain - China Centre (Limited by Guarantee) Strategic Report

The Great Britain-China Centre (GBCC) is a non-departmental public body sponsored by the Foreign, Commonwealth and Development Office. GBCC works to strengthen the UK-China relationship by supporting dialogues and engagements between government, judiciary and policymakers on key rule of law and reform issues.

The UK government is unique in having GBCC as an “arms-length” public body that is differentiated from Her Majesty’s Government (HMG) in its relations with Chinese institutions, but still working in the UK’s national interest, to support the bilateral relationship and champion rule of law reforms.

GBCC has expertise in working across the political, historical, cultural and linguistic barriers to facilitate policy dialogue and design programmes that deliver sustainable results, including in areas of political sensitivity. To this end, GBCC works with a range of official and academic partners in China, including the Supreme People’s Court, the Supreme People’s Procuratorate, the China Law Society, the International Department of the Communist Party Central Committee and the All-China Youth Federation (the external affairs arm of the Communist Youth League, which trains future leaders), as well as with academic partners mostly in China’s top law schools.

GBCC works with these institutions to design projects and interventions to support Chinese reform initiatives that align with the UK’s policy priorities and the broader bilateral strategies for engaging with China. GBCC’s typical project model is to work either directly with party-state institutions or with China’s leading academic experts, who play a key role in advising key policymakers on reform initiatives. Projects involve study tours to visit UK and European institutions, the facilitation of UK and international experts to share best practice experience with Chinese counterparts, joint workshops and training sessions.

Substantial and procedural reforms continue to make the legal system more efficient for the majority of citizens in China, and there are efforts to also make it fairer, as demonstrated by often high-profile overturning of wrongful convictions, the increased power of the courts to involve witnesses in court cases, and efforts to reduce the use of torture in obtaining confessions. GBCC is able to witness such improvements through its project work. Key rule of law principles such as the right to silence, presumption of innocence and equality of arms between defence and prosecution however are not observed, and in cases that involve political dissidents however, the trend is in the opposite direction towards harsher repression and tougher sentences. GBCC is only able to work with government-sanctioned reform initiatives, and we believe there are compelling reasons to support the positive developments for a fairer legal system, whilst remaining cognisant of the wider more complex picture.

Recent results of GBCC’s work include:

- Strengthened and expanded **relationships with key Chinese partners in policymaking, legal, judicial and academic sectors** in the interest of UK-China relations, serving as a UK docking point for **Chinese policymakers, legislators and political bodies** for a broad range of incoming visits of influential policy-making institutions, from the National People’s Congress Standing Committee, Central Party School, regional leaders, central and regional senior judiciary and prosecutors.
- Enabled deeper, **more informed engagement of senior and future generations of UK Parliamentarians** and leaders with their Chinese counterparts.
- Contributed to increased China capabilities in the UK, by organising China Capabilities courses for cohorts of civil servants from across Whitehall, in partnership with the FCDO China Capability Programme
- Facilitated **high level discussions between the UK and Chinese legal and judicial communities**, including roundtables and participation in a number of technical webinars and consultations in relation to a range of criminal and commercial legal reform issues.
- Supported **progress in China’s criminal justice system**, through projects aiming to prevent torture and ill-treatment in detention, reduce pre-trial detention, and strengthen evidence-based judicial procedures.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

- Developed a **network of engaged British legal, judicial and academic experts** and representative bodies able to participate in legal and judicial reform in China, focused on criminal justice reform and business environment reform that align with UK interests.
- Maintained the partnership with the **Centre for Common Law in China**, a cooperation initiative between GBCC, Renmin University Law School and the University of Oxford Law Faculty, to promote academic discussion on rule of law topics and the use of Common Law.
- Served as a consistent convenor of UK expertise for Chinese policymakers, legislators and political bodies for a broad range of influential policy-making institutions, from the Central Party School, regional leaders, the judiciary and prosecutors.

During the financial year, GBCC carried out the following activities with Chinese and UK-based partners:

Political and Economic Dialogues

Since 2007 GBCC has held regular political and economic dialogues involving cross-party groups of UK parliamentarians and senior Chinese officials selected from relevant party and state interlockers, with a purpose of deepening understanding between the policymakers of both sides and building relationships for the future. The dialogues have become unique platforms for open discussion on policy matters of concern to both sides, whilst supporting UK politicians to gain a deeper and more nuanced understanding of the Chinese system and China's reform priorities, and helping Chinese policymakers understand UK perspectives. The dialogues are held alternately in the UK and China, organised by GBCC in partnership with the International Department of the Central Committee of the Communist Party of China (IDCPC), and the All-China Youth Federation (ACYF) / Communist Youth League (CYL). Since 2020, dialogues have temporarily been held online due to international travel restrictions.

In 2020, GBCC and ACYF co-hosted a series of three online Young Leaders Roundtable discussions to maintain connections and dialogue during the pandemic. The overarching theme of the three sessions asked the question 'What is good global governance in a post Covid world?' and included discussions on approaches to good global governance and the role of multilateral institutions; bilateral and global cooperation on environment and sustainability, with particular reference to the upcoming COP26 in Glasgow and COP15 on Biodiversity in Kunming; and on global trade, supply chains and prosperity. The UK delegations included MPs from across political parties and representatives from think tanks and NGOs, whilst the Chinese delegations included members from key ministries, social organisations and Party bodies. Before each session, GBCC organised briefings for the UK delegation with Whitehall departments including FCDO, DIT, Cabinet Office and DEFRA.

China Capabilities

The importance of increasing the UK's China capabilities became increasingly clear throughout the year, and GBCC was able to build on previous efforts to organise courses and events to respond to this need.

GBCC expanded its Civil Service China Capabilities course to support the growth of the UK's China capabilities, training a cohort of 60 civil servants from across over ten Whitehall departments, in partnership with the FCDO China Capability Programme. The two-day intensive courses, designed by GBCC and delivered online by leading UK experts on China, featured a comprehensive and up-to-date programme covering China's political system, economic structure and industrial policy, foreign policy and issues including technology and climate.

GBCC launched the China Insights Series of webinars to add to the ongoing discussions. Topics included the future of multilateralism in a post-Covid world, the UK's future engagement strategies with China, and the UK and China's soft power potential (co-hosted with the British Council). Panellists included academics and experts from the UK, China and beyond.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

GBCC developed the Future Leaders Programme, a strategic initiative to prepare the UK's future political, government and business leaders to tackle the challenges and meet the opportunities accompanying China's rise. Cohorts of 20+ UK policy- and decision-makers from across Westminster, Whitehall and UK business will participate in tailored courses on China and extension activities to enhance their insights. The programme will also facilitate the cohorts to form supportive network across spheres of professional life. This initiative is developed by the GBCC in partnership with the Oxford University China Centre. It is also in conversation with a handful of potential major UK corporate sponsors to raise funds for the programme, and targets to launch in summer 2021.

Criminal Justice Reform

GBCC has a 30-year track record of supporting reforms within China's legal system in areas of international human rights concern such as torture prevention, death penalty reduction, improved criminal procedures, and children's rights. Projects seek to promote judicial and legal professionalism through capacity-building and exposure to international best practice. GBCC works with influential academic and justice sector organisations to design and deliver projects that affect change on the ground, inform policies and legislative reform through evidence-based, coherent and transparent policy recommendations. Projects implemented on the ground and in partnership with Chinese institutions are, by political necessity, confined in scope to areas within the broad government-sanctioned reform agenda, and as noted on page 6, undertaken with acute awareness of the ongoing breaches of fundamental freedoms and rights especially in political cases.

GBCC's criminal justice portfolio included several one-year and multi-year projects funded by the European Union through the European Initiative for Democracy and Human Rights (EIDHR), the Dutch government, and project funding from the FCDO. Co-funding for the larger EU projects was granted by several embassies in Beijing. The implementation of projects was delayed by the Covid situation, but GBCC adapted its local HR set-up to address this situation and maintain communication with implementing partners while travel was not possible. Project implementation is expected to pick up 2021 and GBCC will address delays by requesting no-cost extensions from the donors.

China Business Environment Programme

Since 2014, GBCC has implemented a series of projects to strengthen the role and capability of China's legal system in supporting the development of the business environment. This work contributes towards supporting greater legal certainty for domestic and foreign businesses and investors and fairer market access, as well as delivering key UK rule of law messaging.

Project activities in the reporting year focused primarily on commercial dispute resolution as a key issue for China's business environment reform, delivered as part of a consortium with PwC's International Development practice, alongside the General Council of the Bar and the Law Society of England and Wales, as well as the China-Britain Business Council. Workshops, seminars and working group meetings were delivered online due to the pandemic, while legislative and policy recommendation reports were developed between Chinese and international experts. These activities were undertaken with partners including the Centre for Common Law at Renmin University, China University of Political Science and Law China Arbitration Institute think-tank, and the University of Durham. Key stakeholders engaged with in the project included the PRC Ministry of Justice, the Supreme People's Court and specialised courts, and Chinese and international dispute resolution institutions and legal-judicial communities.

Thematic issues covered included recommendations on the revision of China's Arbitration Law; regulatory recommendations in relation to market access developments for foreign dispute resolutions in China's free trade zones; contributing international expertise on managing change of circumstances from the pandemic in relation to commercial contracts; China's mediation framework and alignment with international practice; and key issues in commercial courts including the role of technology and clash of jurisdictions.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

GBCC Strategy

GBCC's previous five-year strategy (2018-2023) was replaced by an updated Strategy for 2021-2025.

In February 2020, GBCC held a one-day Strategy Away Day for the Board and all staff to review the strategy in light of bilateral and geopolitical shifts, operational changes on the ground, and the funding landscape. The impact of the coronavirus as well as the challenges in the bilateral relationship meant that the revision of the Strategy continued throughout the reporting year, with Board members meeting for Strategy discussion sessions during the autumn 2020. The new Strategy was approved by the Board on 22 April 2021. The following text is an executive summary of the Strategy available on GBCC's website:

Strategy 2021-2025

Advancing the UK's interests with China through political dialogue, capability building and legal exchanges

The Great Britain China Centre is an independent, policy-focused organisation integral to Britain's relationship with China. It is sponsored by the Foreign, Commonwealth and Development Office as a Non-Departmental Public Body. It operates in recognition of China's growing global influence, and on the basis that the UK's interests are best served through a constructive relationship with a broad range of Chinese institutions. Shared interests include security, climate change, health and global prosperity, and China's economy is now central to the international trading system and to global supply chains. The Integrated Review of Security, Defence, Development and Foreign Policy, published in 2021, defines HMG's vision for the UK's role in the world over the next decade and considers the ways in which engagement strategies with key global players must evolve as the world changes. China will be key to the trends and drivers of change over the next decade.

GBCC is staffed by China experts and supported by a Board which amasses considerable breadth and depth of public and private sector China experience. Since its establishment in 1974, GBCC has demonstrated that measurable benefit can be derived from interaction with Chinese policies that are focused on positive reform.

GBCC works in close partnership with HMG and other UK institutions including Parliament, political parties, the judiciary and the legal profession, academia and business. We perform a highly specialised role creating diverse entry points for UK-China bilateral dialogue and engagement, especially on global governance and the rule of law. Over nearly five decades, we have developed the institutional capital, credibility and resilience necessary to navigate the complexities of the UK-China relationship.

Foreign, Commonwealth and Development Office (FCDO) sponsorship is crucial to GBCC's status and ability to work effectively with stakeholders in both the UK and China. GBCC builds on the FCDO's Grant-in-Aid funding to deliver a programme of core activities and attract significant external funding, thereby amplifying the impact of the public money it receives.

In the strategy period 2021-2025, our work focuses on three main areas:



Bilateral Dialogue

We strengthen the balance of UK-China bilateral interests by keeping direct lines of communication open through a changing political climate. We will continue to facilitate robust dialogues involving a range of stakeholders across parliament, government, the judiciary and the private sector.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

GBCC's dialogues through official and less formal, non-governmental channels complement government policy. Matters important to the UK are signalled whilst also listening to Chinese viewpoints. We help UK stakeholders stay well informed about China's political stance and agenda. Our dialogues assemble a variety of voices from across the UK's political spectrum to ensure that discussion with Chinese counterparts is inclusive, diverse and long-sighted.

The Senior Leadership Forum and the Young Leaders Roundtable are GBCC's two leading political dialogue platforms that bring UK cross-party parliamentarians together with Chinese party-state officials to discuss policy and reform. Over the years, GBCC has built up a network of over 400 alumni in the UK and China, many of whom are in senior party, government and policymaking roles.



Strengthening the UK's China Capabilities

We will build greater capacity amongst parliamentarians, civil servants and business leaders to engage effectively with Chinese counterparts.

By improving understanding of how the Chinese system functions, we are growing a network of China-literate leaders able to coordinate and implement policy that serves the UK's long-term interests. GBCC draws on an extensive range of China expertise across the UK and globally to enrich the content of its intensive crash courses, masterclasses and its tailored programmes of China exposure for targeted stakeholders. GBCC works closely with the FCDO on the Civil Service China Capability Course to enhance knowledge and expertise across Whitehall, covering key policy topics including China's economy, geopolitics and international relations, technology and security, domestic politics and party-state dynamics. Our regular China Insights webinar series features panels of subject matter experts bringing analysis and discussion to a broader audience.

Our flagship capabilities initiative, the Future Leaders Programme connects parliamentarians, civil servants and business representatives in cohorts to enhance their capability to work with China across the full breadth of policy issues. The Programme combines knowledge building workshops, delivered in partnership with Oxford University China Centre, with bespoke engagement initiatives in China.



Legal and Judicial Reform in China

We will continue to engage with the institutions of China's legal system to help align its reforms more closely to the Rules-Based International System.

GBCC has a long and proven track record of supporting criminal justice reforms within China's legal system in areas of international human rights concern such as torture prevention, death penalty reduction and improved criminal procedures. Other projects support the development of legal certainty for business and a level playing field for UK firms and investors in China's business environment, using the multiple channels we can access in order to address legal reform and market access issues.

Our projects promote judicial and legal professionalism through capacity-building, exchange and exposure to international best practice. Such projects, implemented in partnership with Chinese institutions, are by political necessity confined in scope to areas within the broad reform agenda sanctioned by government. They are undertaken with acute awareness of ongoing breaches of fundamental freedoms and rights across China and the limitations on immediate measurable results imposed by this context. GBCC however takes a long-term view and sees engagement on legal reform where possible as a central contribution to the bilateral relationship.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

Protect the most vulnerable – *Improved Justice in Child Sexual Abuse Cases in China* is a GBCC project implemented in partnership with leading child rights and juvenile justice reformers in China. The project brings together relevant stakeholders, including police, prosecutors, social workers and legal aid lawyers to improve case handling for both victims and criminal suspects through research, local pilots and capacity building activities.

GBCC Funding and Viability Statement

The Board keeps the issue of “Going Concern” under regular review at Board meetings, and close liaison is maintained with the FCDO’s China Department to ensure alignment with its China strategy. Although it does not, and is not required to, comply with the UK Corporate Governance code, GBCC follows best practice with regards to the consideration of viability and going concern and the Board has assessed the forward strategy of GBCC for the next three years (2021-2024). The Board’s scrutiny includes regular assessment of the main risks facing GBCC and management’s methodology to address them.

Traditionally funding has been the main risk to GBCC’s operation, given the reliance of the business model on GiA from the FCDO. The commitment from the FCDO of the GiA of £500k for 2021-22 and letter of comfort provided by the FCDO whereby it undertakes to provide adequate financial assistance, should it be required, to enable the Great Britain China Centre to continue operating as a going concern for a period of at least twelve months from the date that the 2020-21 accounts are certified by the Comptroller and Auditor General, allows GBCC to function for the full financial year, even though the level of income from external projects and corporate sponsorship is difficult to predict as it depends on implementation. Implementation of project activities are undertaken in partnership with Chinese universities and institutions, and include both in-person activities in China and online activities with the UK and/or international counterparts. The level of implementation is therefore to a large extent reliant on the ability of the partners to conduct activities. Having a GBCC project staff on the ground is helpful in making sure implementation is as smooth as possible, but there are still other factors such as the political climate, the need for higher level approvals even for online events, and the possibility of further lockdowns or domestic travel restrictions due to Covid-19 outbreaks. Corporate sponsorship is also closely connected to activities taking place; with UK-based China capabilities work more predictable than bilateral dialogues. GBCC may need to use some of its reserves to cover operational costs if implementation cannot resume during the year.

GBCC has a successful track record in obtaining external multi-year project grants and currently has three large externally financed projects, two supported by the EU and one by the Dutch embassy in Beijing. Given delays and low implementation in FY20/21, the projects are projected to be extended until 2023/2024 with the approval of the donors, at a total volume of over £2m. The required co-funding for the two EU projects is only 5% of the total project budget (no co-funding requirement for the Dutch funded project), and this has largely been obtained from additional sponsors already. We are confident the remaining funds will be raised during the span of the EU projects, and have strengthened a number of grant management processes, especially around procurement, finance and accounting, in order to respond robustly to different donors’ requirements. These measures benefit GBCC as a whole, and puts GBCC in a good place for applying for funds and grants from global donors and foundations.

Diversification of donors and income streams is a key priority given the uncertainty of continued access to EU funds and the discontinuation of the China Business Environment Programme.

As a result, the budget for 2021-22 presented to the Board in April 2021 projected a growth in revenue streams and year end reserves of £607k.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

The Government published its **Integrated Review of Security, Defence, Development and Foreign Policy: Global Britain in a Competitive Age** on 16 March 2021. Although the Review describes China as a “systemic challenge” which presents the “biggest state-based threat to the UK’s economic security”, it also emphasises the Government’s intention to pursue a “positive trade and investment relationship” with China, views cooperation with China on transnational issues like climate change as a necessity, and pledges to invest in the UK’s “China-facing capabilities” in order to better understand both the challenges and opportunities China presents.

GBCC’s new Strategy is closely aligned with the goals of the Integrated Review for a rigorous but constructive relationship with China. The current controversies around China’s role in Covid-19 and China’s more assertive role in global fora, calls for well-informed engagement across a broad spectrum of stakeholders. Track Two engagement is even more important at times when the bilateral relationship is difficult, as the channels of government-to-government dialogue deteriorate and the voices for disengagement grow stronger.

The Board will continue to argue robustly for the continuation of the current GiA allocation to GBCC, and sees the Spending Review in autumn 2021 as a chance to propose multi-year plans for how GBCC can support the UK-China relationship.

With continued GiA funding, GBCC will continue to deliver those functions that are closely connected to its status as an NDPB, such as semi-official political and legal dialogues and partnerships with the Chinese establishment, and support to additional bilateral engagements. GBCC will also continue to deliver and expand its externally funded project work and seek corporate funding for dialogues and China-focused training programmes.

The majority of GBCC projects and initiatives have in the past relied heavily on international travel and face-to-face exchanges. Following the outbreak of the pandemic, GBCC adjusted well to online delivery and was able to continue to implement a range of projects and initiatives virtually. It is still unclear when travel and in-person meetings can resume, especially in China, and hence online platforms will remain the key delivery mechanism for the medium-term future. Online delivery works very well for technical legal reform projects, and in some projects GBCC is now able to provide ongoing technical advice through a series of online

meetings, as opposed to more intense and occasional face to face engagements. The number and location of participants and experts has also been expanded. When travel can resume, in-person meetings, even if fewer than in the past, can consolidate these professional networks and relationships between stakeholders, but with online discussions continuing to serve as a key delivery platform. Although there has been some success in facilitating bilateral dialogues online, this is obviously more challenging since the building of relationships and the ability to have face to face discussions is crucial, and hence a return to in-person dialogues will be a priority.

In order to have a presence on the ground in China whilst travel is not possible, to stay in close contact with partners and to develop new project opportunities, GBCC has hired a project resource through CBBC’s Launchpad mechanism in Beijing.

A global economic downturn due to the coronavirus is likely to impact on the availability of corporate sponsorship, although there are also signs that companies wish to demonstrate their commitment to the bilateral relationship and may seek to do so through association with a trusted convener such as GBCC. HSBC has committed seed funding for GBCC’s Future Leaders Programme, a strategic initiative to prepare the UK’s future political, government and business leaders to respond pro-actively to the growing role and influence of China, set to launch in July 2021. GBCC is in advanced conversations with a handful of major UK corporate donors for sponsorship.

The Great Britain - China Centre (Limited by Guarantee) Strategic Report (continued)

The growing importance to the UK of the work GBCC is undertaking, GBCC's success in winning large multi-year grants, and the continued efforts to raise funds from commercial sources assure the Board that GBCC has sufficient support and relevance to continue its operation over the next three years. The Board has approved a reserve policy that sets the objective for GBCC of building and maintaining reserves equivalent to 6 months operating expenses. The Directors assess GBCC's prospects primarily through its financial planning process. As part of this, the Directors have considered the financial impact of a number of scenarios around the political and operational reality of working in and with China in a post-Covid world. With this in mind, the Board has approved a draft budget running at a small surplus for the year 2021-22, which it is hoping to better.

GBCC actively monitors its cash reserves which over the year have substantially increased as a result of pre-funding for a number of its long-term projects. The Directors are of the opinion that the company has sufficient cash reserves for the foreseeable future.

The Directors therefore have a reasonable expectation that GBCC will be able to continue its operation and meet its liabilities as they fall due over the three-year period of the strategy.

Sir Martin Davidson
Chair

Date 18 October 2021

Merethe Borge MacLeod
Executive Director, Company Secretary and Accounting Officer

Date 18 October 2021

The Great Britain - China Centre (Limited by Guarantee) Remuneration Report

GBCC has a People and Performance Committee responsible for all aspects of staff recruitment, employment terms, conditions and remuneration. The committee is made up of the following members:

Sir Martin Davidson	– Chair
Prof Jude Howell	– Director
Ms Marina Wheeler	– Director
Mr Rod Wye	– Director
Mr Matthew Rous	– Co-opted Member (resigned 30 June 2021)

The People and Performance Committee reviews the remuneration of all GBCC staff including the Executive Director based on annual appraisals carried out by the staff line managers. The Committee also reviews the performance management processes. Due to the financial uncertainty brought on by the pandemic, the Committee made the decision to freeze salaries and not award performance-related bonuses.

Merethe Borge MacLeod, the Executive Director, commenced permanent employment on 4 September 2017. The Executive Director's remuneration in bands is given below. Merethe Borge MacLeod has joined the company's Group Personal Pension Scheme with Standard Life and makes a 6% personal contribution while GBCC makes a 6% Employers Contribution plus a proportion of the national insurance saving when employee contributions are made by salary sacrifice. These figures have been subject to audit:

	2021	2020
	£'000	£'000
In relation to the Executive Director:		
Salary paid in year and on a full time equivalent basis (in bands)	95-100	95-100
Performance related pay (in bands)	5-10	10-15
Employer pension contributions	6.5	6.5

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Since the directors of the company are not remunerated the comparison is against the highest-paid Executive who is the Executive Director. The fair pay disclosure has been subject to audit.

The calculation is based on the Full Time Equivalent staff of the reporting entity at the 31 March 2021 on an annualised basis and includes any temporary staff employed during the year.

	2021	2020
Band of Highest-Paid Director's total remuneration (£'000)	100-105	105-110
Median total of employee (excluding Director) remuneration (£)	35,055	34,193
Pay multiple at 31 March	2.9	3.1

The pay multiple has been calculated using the ratio of the median total of employee remuneration (excluding Director) to the mid-point of the banded remuneration of the highest-paid Executive. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The pay multiple has decreased because the highest-paid director's remuneration has decreased during the current financial year due to reduced performance related payments. The remuneration of employees, excluding the highest-paid director, ranged from £25,275 to £56,695 (2019-20: £24,000 to £55,000) and in 2020-21 no employees received remuneration in excess of the highest-paid director (2019-20: none).

The Great Britain - China Centre (Limited by Guarantee) Remuneration Report (continued)

Staff Costs

The following analysis of staff costs and staff numbers are subject to audit.

Staff costs comprise:

	Permanently Employed Staff	Others	2020-21 £ Total	2019-20 £ Total
Wages and salaries	345,704	16,983	362,687	369,033
Social security costs	22,837	1,116	23,953	52,357
Other pension costs	22,186	628	22,814	20,458
	<u>390,727</u>	<u>18,727</u>	<u>409,454</u>	<u>441,848</u>

Social Security costs in 2019-20 included £16,000 accrued costs relating to Employer Allowances expected to be repaid by the company. In 2020-21 the £16,000 accrual was reversed since the company received confirmation that the company was entitled to claim the allowances and no repayment was due.

The average number of whole time equivalent persons employed during the year was as follows:

	Permanently Employed Staff	Others	2020-21 No. Total	2019-20 No. Total
Directly employed	<u>9</u>	<u>1</u>	<u>10</u>	<u>9</u>

The following table shows the number of staff by grade and gender. No staff, except the Executive Director, are of an equivalent grade to a Senior Civil Servant:

	Male	Female	Total
Executive Director	-	1	1
Employees	<u>3</u>	<u>6</u>	<u>9</u>

The company outsourced its financial management to China-Britain Business Council in September 2018 and the amount incurred during the year was £56,913 (2019-20: £60,000).

Sickness Absence data

The average number of sick days taken by staff in the year was 6.8 (2019-20: 4.1).

Staff Policies on Disability

GBCC is an equal opportunities employer and is committed to ensuring that there will be no unlawful discrimination against any person who works for or with the GBCC. Decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria. The company is committed to making appropriate provisions in order to retain disabled employees.

Sir Martin Davidson
Chair

Date 18 October 2021

Merethe Borge MacLeod
Executive Director, Company Secretary and Accounting Officer

Date 18 October 2021

The Great Britain - China Centre (Limited by Guarantee)

Governance Statement

1. Board Membership

As at the end of March 2021, GBCC's Board of Directors had 13 members, including 12 directors and one co-opted member.

2. Overview of Board Structure and Performance

The GBCC Board played an active role in shaping GBCC's strategy for the future in close cooperation with the FCDO. The Board had three sub-committees active during the year; the Audit and Risk Assurance Committee and the Business Development and Fundraising Committee, both chaired by a Vice-Chair, and the People and Performance Committee, chaired by the GBCC Chair, which offered guidance and support to the GBCC Executive Director (ED) and her team in the strategic development of the organisation.

The Audit and Risk Assurance Committee monitored and evaluated risks to the operation of the organisation, reviewed the accounts and accounting policies, and monitored the implementation of data protection compliance. It reviewed the systems audit of GBCC's UK GDPR Compliance, which was carried out by FCDO Internal Review and rated "Substantial" whilst recommending some relatively minor improvements. A fuller description of the ARAC's responsibilities is included in the Directors' Report on page 3.

The People and Performance Committee supported and advised the ED on people management, approved the annual performance appraisals of senior management (ED and Deputy Director), reviewed the relevance and appropriateness of staff remuneration and performance related pay increases and bonuses. The Business Development and Fundraising Committee advised on the development of business and fundraising strategy. It contributed knowledge and experience of fundraising including identification of potential sponsors and advised on the formulation of corporate sponsorship criteria. In addition, it provided advice on online strategies and relations management.

Members of the public apply to join the GBCC Board in response to public advertisements and are chosen by the other Board members in open competition. They are chosen for their experience on UK-China relations in various fields, for their governance expertise and for the mix of skills and knowledge that the Board brings to GBCC. Two Directors who were scheduled to retire in June 2020 agreed to stay on for an extra year, to add continuity during a difficult year and to allow the recruitment of new Directors to take place in 2021 instead. The Board agreed that the Chair and the two Vice-Chairs form a recruitment committee to recruit three new Directors in 2021.

A Board effectiveness review and skills mapping was carried out in early 2021. The Board discussed the outcomes of these reviews at their meeting on 22 April 2021 and ensured that the results fed into the recruitment process for new Board members in 2021. The Board has also agreed revisions to Board meeting proceedings to increase Board time to focus on the implementation of the business plan and income generation.

The Board includes two Nominee Directors whose place on the Board is mandated in the Articles of Association. One Director is an appointee of the FCO and one of the British Council. In addition to the Nominee Directors, the Board co-opts additional members from time to time to ensure that it has the optimum level of skills and knowledge required to support GBCC in its work.

The Vice-Chairs of GBCC and the Chair of the Audit and Risk Assurance Committee are elected from within the Board membership, as is membership of the sub-committees.

Members of the Board have responsibility for ensuring that the GBCC complies with all statutory and administrative requirements for the use of public funds. Other important responsibilities of Board members include:

- Ensuring that high standards of corporate governance are observed at all times.

The Great Britain - China Centre (Limited by Guarantee)
Governance Statement (continued)

- Establishing the overall strategic direction of the organisation within the policy and resources framework agreed with the responsible government minister.
- Ensuring that, in reaching decisions, the Board has taken into account any guidance issued by the sponsoring government department.

A full list of Board members who served in the year is presented in the Directors' Report on page 3.

During 2020-21 the number of Board and Committee meetings with individual attendance was as follows:

Director	Board (4)		Audit and Risk Assurance Committee (4)		People and Performance Committee (1)		Business Development & Fundraising Committee (2)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
M Davidson	4	3			1	1	2	2
A Black	4	4					2	2
R Jackson	4	4	4	4			2	2
L Byrne MP	2	-						
W Godwin	4	3					2	1
A Gwynne MP	2	1						
C Haswell	4	4	4	4			2	1
C Quan Li	4	4	4	4				
J Howell	4	3			1	1		
A MacRae	4	4					2	2
M Wheeler	4	3			1	1		
R Wye	4	4			1	1		
N Thomas	2	2						
D Thomson	2	2						
A Pinfield	1	1						
R Ainley	3	1						
Co-Opted:								
M Rous	4	4			1	1		
Totals	56	47	12	12	5	5	12	10
Percentage		84%		100%		100%		83%

The Board meetings are governed by the GBCC Articles of Association which determine that a meeting is quorate if seven or more members attend.

The Chair's first five-year term came to an end in February 2020. Due to changes in the formal appointment procedures, a six-month extension (February 2020 – August 2020) was agreed by the FCDO and approved by the Board. Another six-month extension followed, and the formal re-appointment of the Chair for a second term lasting until February 2025 was approved in December 2020.

The Board approved the appointment of the Rt Hon Sir David Lidington KCB CBE, former Chancellor of the Duchy of Lancaster, as honorary Vice President, in January 2021.

The Great Britain - China Centre (Limited by Guarantee) Governance Statement (continued)

The Framework Agreement between FCDO and GBCC, which combines and updates the previous Management Statement and Financial Memorandum, was agreed, approved and published.

The Board approved a new governance document, Scheme of Delegation and Schedule of Matters Reserved for the Board in April 2020.

The Board monitored the Covid-related office re-entry plan and the accompanying risk assessment for returning to the office, which were updated throughout the year.

3. Risk Management

The main risks to GBCC financial, strategic and operational - are analysed before each Board meeting in the form of a Risk Register, with a traffic light assessment of the likelihood of the risk materialising and the extent of the impact that could occur. A management response to the risks is then outlined and action plans to deal with them given if they materialise. This is updated and reviewed at each meeting of the Audit and Risk Assurance Committee and at each Board meeting.

The main risks to GBCC are both financial and strategic/political. GBCC's GiA and larger FCDO-funded programmes currently come from Official Development Assistance (ODA) budgets, and with the decrease in ODA funds in general and to China in particular, this is a key risk to the company. With the bilateral relationship going through a difficult phase, bilateral dialogues have been challenging.

The pandemic has affected GBCC's operation but also led to innovation and new modes of cooperation with partners in China. Since the national lockdown in March 2020, all GBCC staff have been working from home with only occasional working from the office when necessary. The transition to remote working was smooth, and backed up by having an updated Business Continuity Plan, effective online co-working and file sharing systems, and staff's familiarity with working remotely during travels.

Financial risks

Allocation of FCDO Grant-in-Aid (GiA)

GiA commitment tends to be on a year-by-year basis, as opposed to multiyear basis, which makes forward planning very difficult. Currently GBCC's GiA comes from ODA budgets. The UK's commitment to ODA spending has been temporarily reduced from 0.7% to 0.5% of GNI, and the overall size of the economy is set to shrink due to Covid. China will cease to be eligible for ODA in the short-to-mid term future, although the impact of Covid-19 may delay China's ODA graduation. There is however increased political pressure to decrease ODA to China.

The discontinuation of the China Business Environment Programme

The decision in April 2021 to end the China Business Environment Programme earlier than the planned March 2022 completion date will impact on GBCC's finances as staffing capacity has been retained to respond to ongoing programme implementation. The approval of exit funding however allows GBCC to retain staff and plan for continuing the engagement in this field in a sustainable manner.

Commercial sponsorship of programmes

Both Covid-19 and the challenges in the bilateral relationship brings uncertainty for sponsorship of dialogues and engagements, as some commercial sponsors are facing financial challenges and others may chose not to sponsor China-related initiatives. Shortage of commercial sponsorship affects dialogues and capacity programmes like the Future Leaders Programme the most since these are non-ODA eligible initiatives.

The Great Britain - China Centre (Limited by Guarantee) Governance Statement (continued)

Impact of Brexit on access to EU funds

The EU is a key source of funding for criminal justice projects in general, and anti-death penalty work in particular. EU funding is therefore not only of great importance financially, but also strategically, as the funds are large and multi-year. EIDHR calls for proposals have so far remained open to organisations of all nationalities, and UK organisations remain eligible so far. However, there are ongoing changes to the EU financial instruments as China will at some point become ineligible for EU ODA funding, with non-ODA funding becoming more important. GBCC continues to stay in close touch with the EU Delegation in Beijing and other EU institutions to monitor the risk to GBCC from Brexit, and will continue to apply for EU bids. GBCC is exploring consortia partnerships with EU-based organisations, and seeking bilateral funding from other European countries. However, apart from the Dutch government, bilateral funding mechanisms are typically short-term and small-scale, and as such they cannot provide the same level of intervention as projects supported by the EU.

Financial, strategic and operational risks

The bilateral relationship

GBCC's projects and engagements were carried out against a background of a worsening human rights situation in China, with human rights lawyers and defenders subject to harassment and detention, grave concerns about the treatment, surveillance and detention of Uighur and other ethnic minorities in Xinjiang, concerns over the deterioration of freedoms in Hong Kong and breaches to the Sino-British Joint Declaration, and China's more assertive role in global fora. The UK sanctions on four Chinese officials and one government-controlled company in response to the human rights abuses in Xinjiang, and the much broader Chinese counter-sanctions on UK MPs, organisations, academics, and one barristers' chambers, brought the bilateral relationship to a low point.

The operating environment in China

A more tense bilateral relationship in turn exacerbates the operational risks associated with the GBCC's work at a time when the Chinese government is tightening political and social controls in a number of areas, and in particular scrutinizing the activities of foreign-funded organisations. Programmatically, GBCC is indirectly affected by the narrowing of the scope for rule of law cooperation work in China. There is a decreasing number of foreign and domestic organisations active in the rule of law field, and this leads to decreasing diversity of ongoing reform initiatives and pilots, and fewer opportunities to share experiences across the sector.

In the medium-term future, any engagement with China will be less predictable, access to information about developments within China more restricted, and international travel less frequent, and this makes it more difficult to initiate and sustain partnerships in China. UK parliamentary participation in dialogues with China may become scarcer as some are unwilling to associate with the Chinese party-state, whilst on the Chinese side increased anti-Western sentiments and focus on domestic concerns may limit the appetite for involvement. Having said that, the shrinking pool of international and foreign actors and information means that the work of the GBCC has become increasingly important.

The Covid-19 pandemic

The continued impact of the pandemic, with travel and event restrictions both in China and the UK, impedes project implementation, and poses challenges for how to maintain and develop relationships with Chinese counterparts. Given that travel to China is unlikely to be possible for some time, all activities with China are planned for online delivery. This works well for more technical legal reform projects, but is more challenging for bilateral dialogues. GBCC has hired a project management resource through CBBC's Launchpad mechanism in Beijing in order to have a presence on the ground whilst travel is not possible.

The Great Britain - China Centre (Limited by Guarantee) Governance Statement (continued)

However, the current bilateral relationship and wider geopolitical shifts are balanced by opportunities that current geopolitical changes may present. Having operated in the bilateral space since 1974, GBCC has developed the institutional capital and resilience to navigate the complexities of the UK-China relationship. GBCC's long history and ability to work across political, cultural and linguistic barriers has built trust among stakeholders on both sides. GBCC's operating model is to design interactions and projects that are feasible and practical, based not only on UK policy priorities but also on a thorough and deep understanding of China's own reform plans, choosing high-quality implementation partners with integrity and strong track records of success.

The necessity for pro-active and diverse engagement with China is even greater and there is increased awareness and interest in China among stakeholders in the UK, as well as globally post-Covid cooperation is likely to continue in a variety of blended and flexible formats, widening GBCC's reach and network.

In sum, the Board continued to consider the possible impact on GBCC's operations of the tightening political landscape and the bilateral relationship but considers GBCC's work to remain not only feasible but increasingly relevant.

Sir Martin Davidson
Chair

Date 18 October 2021

The Great Britain - China Centre (Limited by Guarantee)

Governance Statement (continued)

System of Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control and governance that supports the achievement of the GBCC's purpose and objectives whilst safeguarding public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it provides reasonable but not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of GBCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. I confirm that the system of control has been in place at GBCC throughout the financial year ended 31 March 2021 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

GBCC operates administrative procedures including as far as possible the segregation of duties in a small organisation, and a system of delegation and accountability in proportion to our size. This has been enhanced by the outsourcing of its financial management to a third party to obtain a breadth of expertise across a number of individuals. In particular, the procedures include:

- The drafting by the outsourced finance team of an annual budget prepared on a prudent basis, reviewed and amended by the Executive Director and approved by the Board.
- Regular scrutiny by the Audit and Risk Assurance Committee and the Board of the management accounts and the annual report and accounts, which is audited by the Comptroller and Auditor General.
- Formal project management disciplines in line with the requirements of the FCO and EU project procedures.
- A system of risk assessment and management.
- The regular sign-off of the accounts by the Executive Director and regular discussion with the outsourced finance team on all significant issues.

Following the EU General Data Protection Regulations (GDPR) coming into effect on 25 May 2018, GBCC has worked closely with the FCDO to ensure all personal data is processed in accordance with the GDPR, and, since 31 January 2020 the UK GDPR successor framework. GBCC takes a risk-based approach to data protection compliance, and endeavours to ensure that all personal data is accurate, secure and relevant to the work of GBCC. GBCC commissioned a GDPR Gap Analysis in early 2018 and drew up a comprehensive GDPR Implementation Plan which was implemented. In mid-2020, GBCC also undertook an additional review and update of data protection policies and procedures with the assistance of an external data protection consultancy, who remain available for ongoing support and enquiries as needed. During an operational audit conducted by the FCDO Internal Audit Department and completed in January 2021, GBCC was given an Overall Performance Opinion rating of "substantial" for data protection compliance, the highest level of assurance. GBCC staff representatives attend a monthly data protection meeting for FCDO NDPB's led by the FCDO's Data Protection Officer, exchanging best practice and contributing towards continuous improvement. A member of the FCDO's Transparency & Data Team attends the ARAC once per year.

On Monday 4 January, GBCC had a near-miss incident that involved unauthorised access of a GBCC email account in an unsuccessful attempt to carry out a financial scam. The unauthorised access was revoked upon notification to GBCC's IT supplier. No external emails were sent out from the compromised account during the short window of unauthorised access and no personal data was compromised. GBCC's DPO within the FCDO was informed of the near miss and the incident was logged within GBCC's register of breaches and near misses/incidents. GBCC has now implemented enhanced security protocols and in March 2021 was issued a certificate of assurance for compliance with the requirements of the National Cyber Security Centre's Cyber Essentials Scheme, an industry standard for government contractors.

The Great Britain - China Centre (Limited by Guarantee)
Governance Statement (continued)
System of Internal Control

My review as Accounting Officer of the effectiveness of the system of internal control is informed by the oversight of the ARAC and I am also informed by the work of the NAO when it reviews GBCC's system of internal controls as part of its annual audit of GBCC's accounts, and take advice as necessary from Internal Audit. I confirm that GBCC complies with the Corporate Governance Code for central government departments in so far as the code is relevant to an organisation of GBCC's size and circumstances.

Merethe Borge MacLeod
Executive Director, Company Secretary and Accounting Officer

Date 18 October 2021

The Great Britain - China Centre (Limited by Guarantee)

Statement of the Accounting Officer's, & Directors' Responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State of the Foreign, Commonwealth and Development Office (with the consent of HM Treasury) has directed the Great Britain-China Centre, through the Accounting Officer, to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Great Britain-China Centre and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer and Directors are required to comply with the Companies Act 2006 primarily and then the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by Secretary of State (with the consent of HM Treasury), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Foreign, Commonwealth and Development Office has appointed the Secretary as Accounting Officer of the Great Britain-China Centre. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Great Britain-China Centre's assets, are set out in *Managing Public Money* published by the HM Treasury.

The Directors and Accounting Officer have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Great Britain-China Centre's auditors are aware of that information. So far as we are aware, there is no relevant audit information of which the auditors are unaware.

Sir Martin Davidson
Chair

Date 18 October 2021

Merethe Borge MacLeod
Executive Director, Company Secretary and Accounting Officer

Date 18 October 2021

The Great Britain - China Centre (Limited by Guarantee)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE GREAT BRITAIN-CHINA CENTRE

Opinion on financial statements

I certify that I have audited the financial statements of the Great Britain-China Centre for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in accordance with the provisions of the Companies Act 2006. I have also audited the information in the Remuneration Report that is described in that report as having been audited. In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Great Britain-China Centre in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Great Britain-China Centre's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The Great Britain - China Centre (Limited by Guarantee)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE GREAT BRITAIN-CHINA CENTRE

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the audit:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which I report by exception

In the light of the knowledge and understanding of the Great Britain-China Centre and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the company; or
- I have not received all of the information and explanations I require for my audit;

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the 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 Board and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Great Britain - China Centre (Limited by Guarantee)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE GREAT BRITAIN-CHINA CENTRE

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My 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 a certificate that includes my 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Great Britain-China Centre's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Great Britain-China Centre's controls relating to Companies Act 2006 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, and posting of unusual journals;
- obtaining an understanding of the Great Britain-China Centre's framework of authority as well as other legal and regulatory frameworks that the Great Britain-China Centre operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Great Britain-China Centre. The key laws and regulations I considered in this context included the Companies Act 2006, Managing Public Money, employment law and tax legislation; and
- review of legal expense accounts for indication of potential litigation, claims or commitments

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- review of new transaction streams to confirm they are regular.

The Great Britain - China Centre (Limited by Guarantee)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE GREAT BRITAIN-CHINA CENTRE

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 20 October 2021

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

The Great Britain - China Centre (Limited by Guarantee)
Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
Income			
Revenue from customers	3,4	497,239	634,013
Exchange loss		(2,525)	(18,690)
Other revenue		800	1,805
		495,514	617,128
Expenditure			
Cost of activities		(184,186)	(377,056)
Administrative expenses		(636,051)	(682,067)
Total expenditure for the year	6	(820,237)	(1,059,123)
Net expenditure for the year		(324,723)	(441,995)
Taxation	8	(45,137)	(5,084)
Interest receivable		389	1,135
Comprehensive net expenditure for the year		(369,471)	(445,944)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Other comprehensive expenditure

The company has no gains or losses other than the net expenditure for the above two financial years.

The notes on pages 32 to 44 form part of these financial statements.

The Great Britain - China Centre (Limited by Guarantee)
Statement of Financial Position as at 31 March 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	9	802	1,267
		802	1,267
Current assets			
Trade and other receivables	10	196,264	144,460
Cash and cash equivalents	11	1,189,772	1,060,558
Total current assets		1,386,036	1,205,018
Total assets		1,386,838	1,206,285
Current liabilities			
Trade and other payables	12	(797,609)	(747,585)
Total assets less current liabilities		589,229	458,700
Non-current liabilities			
Provision for liabilities and charges	13	(11,000)	(11,000)
Total assets less liabilities		578,229	447,700
Taxpayer's equity			
General fund		578,229	447,700

These accounts are exempt from the requirements of Part 16 of the Companies Act 2006 by virtue of section 482 (non-profit-making companies subject to public sector audit) of that Act.

The financial statements were approved by the Board on 24 June 2021.

Sir Martin Davidson
Chair

Date 18 October 2021

Merethe Borge MacLeod
Executive Director, Company Secretary and Accounting Officer

Date 18 October 2021

The notes on pages 32 to 44 form part of these financial statements.

The Great Britain - China Centre (Limited by Guarantee)
Statement of Cash Flows for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Comprehensive net expenditure for the year		(369,471)	(445,944)
Adjustments for:			
Depreciation of tangible assets	9	465	1,589
Amortisation of intangible assets	6	-	26
Profit on disposal of tangible assets	6	(750)	-
Interest received		(389)	(1,135)
Taxation	8	45,137	5,084
(Increase)/decrease in trade and other receivables	10	(47,295)	88,493
Increase in trade and other payables	12	19,378	385,009
Taxation paid		(19,000)	-
Net cash (outflow)/inflow from operating activities		<u>(371,925)</u>	<u>33,122</u>
Cash flows from investing activities			
Proceeds from sale of tangible assets		750	-
Interest received		389	1,135
Net cash inflow from investing activities		<u>1,139</u>	<u>1,135</u>
Cash flows from financing activities			
Grant in Aid	17	500,000	500,000
Net cash inflows from financing activities		<u>500,000</u>	<u>500,000</u>
Net increase in cash and cash equivalents		129,214	534,257
Cash and cash equivalents at the beginning of the year		1,060,558	526,301
Cash and cash equivalents at the end of the year	11	<u>1,189,772</u>	<u>1,060,558</u>

The Great Britain - China Centre (Limited by Guarantee)
Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
Balance at the start of the year		447,700	393,644
Comprehensive net expenditure for the year		(369,471)	(445,944)
Grants from FCO	17	500,000	500,000
Balance at the end of the year		<u>578,229</u>	<u>447,700</u>

The Great Britain - China Centre (Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

1. Statutory information

The Great Britain-China Centre (GBCC) was established in 1974, and is an executive non-departmental public body. It is a Private Company limited by Guarantee without share capital and is registered in England and Wales. The company's registered number is 01196043 and registered office is 15 Belgrave Square, London SW1X 8PS. The company's principal activity during the year continued to be the promotion of closer cultural, professional, economic, educational, legal, judicial and other contacts between Britain and China and to encourage mutual knowledge and understanding.

2. Accounting policies

2.1. Basis of preparation of financial statements

Under the legislative authority of the Secretary of State of the Foreign, Commonwealth and Development Office (with the consent of HM Treasury), these financial statements have been prepared in accordance with IFRS as applied in accordance with the provisions of the Companies Act 2006 and in accordance with those parts of the Government Financial Reporting Manual (FREM) that do not conflict with the Companies Act 2006. Where the FREM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the GBCC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GBCC are listed below. They have been applied consistently in dealing with items that are considered material in the accounts.

As at 31 March 2021, UK-China Forum was wholly controlled by the GBCC. The GBCC financial statements do not consolidate the results of the UK-China Forum as no significant transactions went through the company in the current or prior year.

2.2. Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards stated above and are prepared in sterling rounded to the nearest pound.

2.3. Non-current assets

Non-current assets costing over £1,000 are capitalised. Given their value, depreciated historic cost is used as a proxy for fair value for all categories of property, plant and equipment.

2.4. Depreciation

Depreciation is provided on all non-current assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computers	25% straight line
Office equipment	20% on the reducing balance

2.5. Amortisation

Software licences and related consultancy are valued at cost and are treated as intangible assets. They are amortised over 4 years on a straight line basis.

The Great Britain - China Centre (Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.6. Cash and cash equivalents

Cash is represented by cash in hand and balances with banks on deposit with instant access. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

2.7. Foreign currencies

Transactions in foreign currencies are translated at the Wall Street On Demand accounting rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Oanda.com rate of exchange ruling at the end of the financial year. All differences are taken to the Statement of Comprehensive Net Expenditure.

2.8. Pensions

All new employees were enrolled into a GBCC defined pension contribution scheme with Standard Life from 1 January 2016. Once the contributions have been paid the company has no further payment obligations to this scheme. Contributions are charged to the Statement of Comprehensive Net Expenditure as they become payable in the same way as the PCSPS scheme.

2.9. Leases

The company adopted IFRS 16 Leases on 1 April 2019.

For any new contracts entered into on or after 1 April 2019, the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use,
- considering its rights within the defined scope of the contract the company has the right to direct the use of the identified asset throughout the period of use. The company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases

At lease commencement date, the company recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

2. Accounting policies (continued)

2.9. Leases (continued)

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate as published by HMT in its Public Expenditure System papers. In determining the lease term, it will need to assess whether there are any options to extend or terminate the lease and the likely option the company will take at the inception of the lease.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or Statement of Comprehensive Net Expenditure if the right-of-use asset is already reduced to zero.

On the Statement of Financial Position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

2.10. Accounting estimates and judgements

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amount reported as revenue and expenditure during the year. The most significant judgements are made in recognising revenues and costs relating to service delivery contracts where revenue is recognised throughout the lifetime of the contract. In these contracts, revenue is based on actual chargeable time expended in preparing and delivering the contract activities plus rechargeable third party costs, including expert costs and other activity based charges. The main judgements are around management's view of the recoverability of time and third party costs and when to recognise revenue. Where third party costs are deemed irrecoverable they are charged to the Statement of Comprehensive Net Expenditure.

In addition, when taking out contracts with third parties, management has to make a judgement whether a contract contains a lease. In addition, when the company has an option to extend a lease or terminate a lease early, management has to determine whether or not an option would be reasonably certain to be exercised. In determining whether it is likely to exercise the option, management will take into consideration all facts and circumstances, including their past practice and any additional costs that will be incurred to change the asset should the option be exercised in order to determine the lease term.

2. Accounting policies (continued)

2.11. Revenue from contracts with customers

GBCC's contracts with customers are service delivery in nature. Grant based contracts require the completion of a series of activities and reports and the smaller non-grant based contracts will generally have a single performance obligation. Where the company receives sponsorship income this will generally be associated with the delivery of a single activity.

Grant based contracts are initially priced on the basis of anticipated hours to complete the activities within the contract plus anticipated rechargeable third party costs. The performance obligations are met over time as the activities are progressed. Revenue is recognised based on the hours actually spent in progressing the contract compared to the total number of hours expected to complete the contract plus agreed rechargeable third party costs. This is considered a faithful depiction of the transfer of services and represents the amount to which GBCC would be entitled based on its performance to date. Where the contract duration is longer than one year, the customer will generally make payment in advance giving rise to significant contract liabilities. Grant based contracts of less than one year are either due for payment in advance of the contract commencement or at the end of the contract. Contract assets will arise where a contract crosses financial years or when payment is due at the end of the contract.

Non-grant based contracts, including sponsorships, will generally have a single performance obligation. Revenue is recognised at a single point in time on the completion of that performance obligation. Where possible, GBCC will seek to obtain payment in advance of the performance obligation being met. When payment is received for a performance obligation in the next financial year this will give rise to a contract liability.

For most contracts the performance obligations are tailored to the specific requirements of the contract and do not have an alternative use. The time expended on a contract is therefore not transferrable and, in the unlikely event that a customer were to cancel a contract prior to completion, GBCC would require payment to be received for the time spent in progressing the contract to that point.

Within the Statement of Financial Position a contract asset and contract liability have been recognised:

- Contract asset – the difference between the amount invoiced to the customer and the latest milestone achieved. An accompanying receivable will be recognised if the customer has yet to pay the invoice. This balance will also include recognition of a receivable for costs which have been incurred to support milestones that have not yet been fully achieved. Any impairment relating to this balance will be measured, presented and disclosed in relation to IFRS 9.
- Contract liability – the difference between the invoiced income and the latest achieved contracted milestone. An accompanying receivable will be recognised if the customer has yet to pay the invoice.

2.12. Income and expenditure

Income, other than revenue from contracts with customers, is recognised in the period in which it is receivable and expenditure is charged in the period to which it relates. Grant-in-aid received from the FCDO is treated as financing through the Statement of Changes in Taxpayers' Equity.

The cost of unpaid leave is accrued at the end of the financial year and credit loss provisions are only made on specific amounts receivable.

2. Accounting policies (continued)

2.13. Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Net Expenditure, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in reserves is also recognised in other comprehensive income or directly in reserves respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all condition for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14. Segment information

GBCC operates within a single business segment. It is not possible to separately identify the business activities and the net assets into operating segments.

Business performance is reported to the Board at a summarised level which is not materially different to the financial statements.

It is the company's policy to seek funding from governmental and non-governmental institutions. Governmental funding will take the form of grants and non-governmental funding will be service or contract based.

2.15. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through Statement of Comprehensive Net Expenditure, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Derecognition of financial assets occurs if the contractual rights to the cash flows from the asset expire or substantially all of the risks and rewards of ownership of the financial asset have been transferred out of the company. Derecognition of financial liabilities occurs when the contractual obligation is discharged or cancelled or expires.

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.15. Financial instruments (continued)

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.16. Future accounting standards

One accounting standard has been issued but is not yet effective, IFRS 17: Insurances, which becomes effective for accounting periods beginning on or after 1 January 2023.

Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

It is anticipated that the introduction of the IFRS 17 will have immaterial impact on the company's financial statements.

3. Segment information

The company operates in a single business segment and has not produced an operating segment analysis. The analysis by geography is:

	2020-21	Revenue	Expenditure	Net
		£	£	£
UK		434,551	(174,367)	260,184
EU		47,190	(7,951)	39,239
China		15,498	(1,868)	13,630
		<u>497,239</u>	<u>(184,186)</u>	<u>313,053</u>
	2019-20	Revenue	Expenditure	Net
		£	£	£
UK		136,774	(37,304)	99,470
EU		104,209	(71,609)	32,600
China		393,030	(268,143)	124,887
		<u>634,013</u>	<u>(377,056)</u>	<u>256,957</u>

The company has significant income from the UK Government in China.

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

4. Disaggregation of revenue from contracts with customers

The company derives revenue from the provision of project based services to customers at a point in time and over time in the following major project types and geographical regions:

2020-21	Grant based		Contract based		Total £
	EU £	China £	UK £	China £	
Government	-	4,918	428,106	-	433,024
EU	47,190	10,580	-	-	57,770
Non-Government	-	-	6,445	-	6,445
	<u>47,190</u>	<u>15,498</u>	<u>434,551</u>	<u>-</u>	<u>497,239</u>
Point in time	-	-	33,925	-	33,925
Over time	47,190	15,498	400,626	-	463,314
	<u>47,190</u>	<u>15,498</u>	<u>434,551</u>	<u>-</u>	<u>497,239</u>
2019-20	Grant based		Contract based		Total £
	EU £	China £	UK £	China £	
Government	-	195,630	85,329	-	280,959
EU	104,209	111,013	-	-	215,222
Non-Government	-	-	51,445	86,387	137,832
	<u>104,209</u>	<u>306,643</u>	<u>136,774</u>	<u>86,387</u>	<u>634,013</u>
Point in time	-	-	61,125	86,387	147,512
Over time	104,209	306,643	75,649	-	486,501
	<u>104,209</u>	<u>306,643</u>	<u>136,774</u>	<u>86,387</u>	<u>634,013</u>

The amount of revenue recognised in the period that related to contract liabilities at the start of the period was £64,873 (2019-20: £186,897).

5. Unsatisfied long-term contracts

The unsatisfied performance obligation relating to long-term grant based contracts is £2,058,210. The future revenue recognition will be based on the completion of activities and the time spent in performing the obligations under the contract. Although the timing of the activities are uncertain at the Statement of Financial Position date, the anticipated revenue recognition in the next year is 50% of the total with the remaining 50% to be split over the next two years in the ratio 74:26.

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

6. Expenditure

	Notes	2021 £	2020 £
Staff Costs			
Wages and salaries		362,687	369,033
Social security costs		23,953	52,357
Other pension costs		22,814	20,458
		<u>409,454</u>	<u>441,848</u>
Rentals under operating leases		37,546	40,540
Service charges and rates		26,534	26,862
Outsourced financial management	17	56,913	60,000
Professional fees		26,554	17,860
Irrecoverable VAT		16,288	-
Running costs		48,997	82,042
Non-cash items			
Depreciation	9	465	1,589
Amortisation		-	26
Profit on disposal of fixed assets		(750)	-
Auditors' remuneration		14,050	11,300
Purchase of goods and services		184,186	377,056
		<u>820,237</u>	<u>1,059,123</u>

Social Security costs in 2019-20 included £16,000 accrued costs relating to Employer Allowances expected to be repaid by the company. In 2020-21 the £16,000 accrual was reversed since the company received confirmation that the company was entitled to claim the allowances and no repayment was due.

The audit fee for the current year is £14,050 (2019-20: £11,300) and no non-audit work has been carried out by the external auditors.

7. Employees

Average number of employees during the year:

	2021 No.	2020 No.
Administration and activities	9	7
Contract Staff	1	3
Total	<u>10</u>	<u>10</u>

8. Taxation

Analysis of tax charge for the year	2021 £	2020 £
Current tax on trading profits	34,525	5,000
Adjustment for prior years	15,121	84
Total current tax	<u>49,646</u>	<u>5,084</u>
Deferred tax	2021 £	2020 £
Origination and reversal of timing differences	3,983	-
Adjustment for prior years	(8,492)	-
Total deferred tax	<u>(4,509)</u>	<u>-</u>
Tax on net expenditure for the year	<u>45,137</u>	<u>5,084</u>

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

8. Taxation (continued)

The tax assessed for the year is lower than (2019-20: lower) than the standard rate of corporation tax in the UK of 19% (2019-20: 19%). The differences are explained below:

	2021	2020
	£	£
Net expenditure before taxation	(324,334)	(440,860)
Net expenditure before taxation multiplied by the standard tax in the UK of 19% (2019-20: 19%).	(61,623)	(83,763)
The differences are explained below:		
Income not subject to tax	(12,053)	(78,147)
Expenses not subject to tax	16,400	84,726
Excess of depreciation over capital allowances	(1,442)	139
Expenses not deductible for tax purposes	2,226	1,425
Provision movements	-	2,677
Impact of Grant in Aid on taxation	95,000	95,000
Change in taxation estimate	-	(15,050)
Prior year adjustment	6,629	-
Tax losses carried forward	-	(1,923)
Total tax charge for the year	45,137	5,084

9. Tangible fixed assets

2020-21	Computers	Office equipment	Total
	£	£	£
Cost			
At 1 April 2020	7,346	2,949	10,295
Disposals	(1,086)	-	(1,086)
At 31 March 2021	6,260	2,949	9,209
Depreciation			
At 1 April 2020	7,081	1,947	9,028
Charge for the year	265	200	465
Disposals	(1,086)	-	(1,086)
At 31 March 2021	6,260	2,147	8,407
Net book value			
At 31 March 2021	-	802	802
At 31 March 2020	265	1,002	1,267

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

9. Tangible fixed assets (continued)

2019-20	Computers	Office equipment	Total
	£	£	£
Cost			
At 1 April 2019	7,346	2,949	10,295
At 31 March 2020	<u>7,346</u>	<u>2,949</u>	<u>10,295</u>
Depreciation			
At 1 April 2019	5,744	1,695	7,439
Charge for the year	1,337	252	1,589
At 31 March 2020	<u>7,081</u>	<u>1,947</u>	<u>9,028</u>
Net book value			
At 31 March 2020	<u>265</u>	<u>1,002</u>	<u>1,267</u>
At 31 March 2019	<u>1,602</u>	<u>1,254</u>	<u>2,856</u>

10. Trade and other receivables

	2021	2020
	£	£
Trade receivables	73,220	101,495
Deposits and advances	44,728	4,560
Prepayments	12,703	1,319
Contract assets	61,104	37,086
Deferred tax asset (note 14)	4,509	-
	<u>196,264</u>	<u>144,460</u>

The value of contract assets at the year-end has increased compared to the prior year since the activity on contracts with milestones completed at the year-end has increased.

11. Cash and cash equivalents

	2021	2020
	£	£
Balances at 1 April	1,060,558	526,301
Net change in cash	<u>129,214</u>	<u>534,257</u>
	<u>1,189,772</u>	<u>1,060,558</u>

Cash is broken down between balances at Commercial Banks and Cash in Hand as follows:

	2021	2020
	£	£
Commercial banks	1,189,238	1,060,014
Cash in hand	<u>534</u>	<u>544</u>
	<u>1,189,772</u>	<u>1,060,558</u>

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

12. Trade and other payables

Amounts falling due within one year:

	2021	2020
	£	£
Corporation tax	35,815	5,169
Other taxes, social security	37,318	25,355
Trade payables	23,866	14,694
Other payables	2,690	7,491
Accruals	136,072	51,181
Contract liabilities	561,848	643,695
	<u>797,609</u>	<u>747,585</u>

At the year end, contract liabilities includes £550,113 (2019-20: £626,002) relating to grant money received in advance which is included in the cash balance at the year-end (see note 11).

13. Provision for liabilities and charges

	2021	2020
	£	£
Balance brought forward and carried forward	<u>11,000</u>	<u>11,000</u>

Provision of £11,000 (2019-20: £11,000) relate to dilapidations on current leasehold premises.

14. Deferred taxation

	2021	2020
	£	£
Deferred capital allowances	955	-
Other timing differences	3,554	-
Deferred tax asset	<u>4,509</u>	<u>-</u>

The company has no unused tax losses or credits.

15. Leases

The company has an office lease for its premises at 14/15 Belgrave Square which is an implied lease without notice. The company also holds leases of low-value underlying assets. These leases are being charged to the Statement of Comprehensive Net Expenditure on a straight line basis.

At the statement of financial position date, the company does not have any commitments to leases which have not commenced (2019-20: £nil).

Due to the nature of the terms of the premises lease, the company has not recognised any right-of-use asset and related lease liability. It also has not charged any interest to the Statement of Comprehensive Net Expenditure during the year. The cost of rentals under operating leases charged to the Statement of Comprehensive Net Expenditure during the year is shown in note 6.

16. Pensions

A defined contribution pension scheme with Standard Life was set up for new entrants from 1 January 2016. The charge for the year was £22,814 (2019-20: £20,458) at a contribution rate of 6% (2019-20: 6%). The expected contributions to the plan in the next annual reporting period is £26,450.

At 31 March 2021, pension contribution liability of £nil (2019-20: £4,863) is included in other payables (see note 12).

The Great Britain - China Centre (Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

17. Related party transactions

The FCDO is regarded as a related party. GBCC is an Executive Non-Departmental Body (NDPB) of the FCDO and in 2020-21 GBCC received £500,000 grant-in-aid (2019-20: £500,000) from the FCO, prior to the merger between FCO and the Department for International Development. During the year the company had various other material transactions with it.

The UK-China Forum (UKCF) is also regarded as a related party. A former GBCC Director and the Accounting Officer are members of the UKCF Board. In 2020-21 no administration fees were processed through the UK China Forum as the company has ceased to be used for Political dialogues (2019-20: £nil) and GBCC had no recoverable expenses in 2020-21 (2019-20: £nil).

The All Party Parliamentary China Group (APPCG) is also regarded as a related party. The GBCC provided employee services to the APPCG and this was governed by a memorandum of understanding between GBCC and APPCG. The administration fee for employee services with the APPCG for 2020-21 amounted to £800 (2019-20: £890) and is recorded in other income.

The Great Britain China Education Trust (GBCET) is also regarded as a related party. The GBCC provides employee services to the GBCET. The transactions for employee services with the GBCET for 2020-21 amounted to £6,445 (2019-20: £6,445). There were no recoverable expenses.

The financial management of the company is considered to be a key management function. The financial management of the company was contracted to China-Britain Business Council (CBBC) in September 2018 and the amount incurred during the year was £56,913 (2019-20: £60,000). Also during the year, the company utilised the services of CBBC's staff in China to assist in running its projects. The amount incurred during the year was £43,453 (2019-20: £nil). CBBC's Chief Executive Matthew Rous was a co-opted member of the Board during the year.

18. Financial commitments

As at the year end, there were no financial commitments (31 March 2020: £nil).

19. Directors interests

There are no relevant director's interests.

20. Financial instruments

Financial assets comprise of receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and subsequently held at amortised cost after an appropriate provision for expected credit loss.

Financial liabilities comprise trade and other payables, and other financial liabilities. They are initially recognised at the fair value of consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost.

GBCC's cash requirements are agreed at least a year in advance and so the liquidity position is controllable. There is some credit and market risk but these are relatively small. The company's credit risk and liquidity risk are also managed by receiving funding in advance of expenditure wherever possible. In practice, the GiA and multi-year grant based awards are received prior to related expenditure taking place.

The company has a significant level of foreign expenditure and so the company is exposed to foreign exchange risk. This risk is mitigated by seeking to make payments in sterling wherever possible or the company making payments from its foreign currency denominated bank accounts.

The Great Britain - China Centre (Limited by Guarantee)
Notes to the Financial Statements for the Year Ended 31 March 2021

21. Guarantee status

The company is limited by guarantee and in the event of a winding up, each Ordinary Member is liable to contribute an amount not exceeding £1.

22. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. As at this date, the landlord of 14/15 Belgrave Square and GBCC are in the process of negotiating the terms of a lease covering GBCC's continued occupation of those premises. The terms of that lease have not yet been agreed, and therefore at this stage it is not possible to estimate the financial effect of this lease on the financial statements. Under IAS 10 this is considered a non-adjusting post balance sheet event.

The Board and Accounting Officer authorised these financial statements for issue on the date on which the accounts are certified by the Comptroller and Auditor General.

