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# **The Great Britain China Centre**

## **Annual Report and Accounts 2016-17**

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Presented to Parliament pursuant to Section 6 of the Government Resources and Accounts Act 2000  
(Audit of Non-profit-making Companies) Order 2009

Ordered by the House of Commons to be printed 19 July 2017

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**The Great Britain - China Centre (Limited by Guarantee)  
Report and Financial Statements**

<b>CONTENTS</b>	<b>Page</b>
Company Information	1
Directors' Report	2 - 5
Strategic Report	6-11
Remuneration Report	12
Governance Statement	13-17
Statement of Accounting Officer's & Directors Responsibilities	18
The Certificate and Report of the Comptroller and Auditor General	19-20
Statement of Comprehensive Net Expenditure	21
Statement of Financial Position	22
Statement of Cash Flows	23
Statement of Changes in Taxpayers' Equity	24
Notes to the Financial Statements	25-30

**The Great Britain - China Centre (Limited by Guarantee)  
Company Information  
as at 31 March 2017**

**Directors**

Sir Martin Davidson	- Chairman- appointed Chairman February 5, 2015
Sir Christopher Hum	- Vice Chairman-appointed December 18 , 2012
Mr Christopher Fitzgibbon	- Vice Chairman & Honorary Treasurer, appointed VC April 29, 2014
Mr Alan Black	- Appointed June 1, 2014
Prof Jude Howell	- Appointed June 1, 2014
Mr William Godwin	- Appointed June 1, 2014
Mr Richard Jackson	- Appointed October 25, 2016
Rt Hon Liam Byrne MP	- Appointed September 1, 2011
Mr Richard Graham MP	- Appointed September 1, 2011

**Nominee Directors**

Mr Gareth Edward Ward	- FCO,Resigned February 1, 2017
Mr Dewi Knight	- British Council, resigned July 17,2016
Ms Carma Elliot	- British Council, appointed October 1, 2016
Mr Alex Pinfield	- FCO, Appointed April 1,2017

**Co-opted Members**

Mr Charles Haswell	- Appointed October 1, 2014
Mr Stephen Phillips	- Appointed June 1, 2014
Mr Neil Sampson	- Appointed October 1, 2014
Mr Rod Wye	- Appointed September 1, 2011

**COMPANY SECRETARY**

Mr Richard Pascoe	- Appointed September 24, 2012
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**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 2017. These accounts also include the results for the UK-China Forum, run by its Board of Trustees but over which the Directors of the Great Britain - China Centre (GBCC) are deemed to have effective control. 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 and Commonwealth Affairs with the consent of the Treasury and in accordance with the Companies Act 2006 and the HM Treasury Financial Reporting Manual. None of the Directors were remunerated.

### **The Great Britain - China Centre**

The GBCC was established in 1974, and is an executive non-departmental public body. The Centre receives Grant-in-Aid from the Foreign and Commonwealth Office.

### **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 (2015-16 £250,000) from the Foreign and Commonwealth Office, the results for 2016-17 show an operating surplus of £97,039 (2015-16 £36,078) because of additional work contracted to GBCC.

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

### **Board of Directors and Company Secretary**

Directors who served on the Board during the year and who were Directors under the Companies Act 2006 are identified as Directors on page 1 of the Report and Accounts. Co-opted members and the Company Secretary are not Directors.

## **The Great Britain - China Centre (Limited by Guarantee)**

### **Directors' Report**

#### **Audit & Risk Assurance Committee**

GBCC's Audit and Risk Assurance Committee 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. During the year ended 31 March 2017 membership of the Audit Committee comprised:

Chris Fitzgibbon	Chairman appointed December 18, 2007
Alan Black	Appointed June 1, 2014
Sir Christopher Hum	Appointed June 2013
Neil Sampson	Appointed December 1, 2014
Richard Jackson	Appointed December 1, 2014

#### **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.

#### **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 note 1 in the notes to the accounts.

#### **Sickness Absence data**

The average number of sick days taken by staff in the year was 2.4 (2015-16 3.4)

#### **Awareness of Relevant Audit Information**

The Directors confirm that:

\* as far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and

\* they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Comptroller and Auditor General is appointed as statutory auditor for the GBCC accounts and that the auditors have not conducted any non statutory audit work. The fee for the statutory audit was £9,000 (2015-16 £6,000).

## **The Great Britain - China Centre (Limited by Guarantee)**

### **Directors' Report**

#### **Creditors**

The average time taken to pay invoices in the current year was 21 days (2015-16, 16.35 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 51 days(2015-16 20.07days)

#### **Data Loss**

There have been no personal data related incidents during the year.

#### **Going Concern**

The FCO GIA has now been confirmed at £470,000 for the 2017-18 financial year which will cover 55% 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 FCO's China Department to ensure alignment with its China Strategy. In accordance with the 2014 UK Corporate Code, 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(see Risk Management section below) and management's methodology to address them. Management has assumed that an annual Viability Statement should cover a period of 3 years.

Each year the FCO provides a letter promising the level of the GIA funding for the following year. The GIA of £470,000 is conditional upon the delivery of UK Judicial Dialogue objectives with China. While FCO funding for GBCC is not guaranteed for subsequent years, the key role played by GBCC in helping to design and deliver the Rule of Law for Prosperity Programme strategy has provided the Board with indirect assurance that GBCC activities will continue to be funded by HMG over the course of the following 3 financial years. The government has confirmed that GBCC will take forward a partnership with the China Law Society which will expand GBCC's work in China to support the FCO's wider programme with China , building on GBCC's existing cooperation with China in a wide range of areas. A Scoping Exercise conducted by GBCC in 2016-17 to map out the prospects for a Rule of Law for Prosperity Programme made a series of detailed recommendations for joint UK project work with Chinese Partners over the next four years in this field. The GBCC Board and the FCO's expectation is that this will lead to a comprehensive programme, procurement for which will take place in 2017-18, subject to the approval of the new government after the general election in June 2017.

The GBCC Board has analysed the impact of Brexit. GBCC only has one current grant contract from the EU which is a 2.5 year contract signed in December 2015 worth Euros 400,000 valid to 30 June 2018. Past grant income from the EU has been significant for the work of the GBCC in financing research partnerships to support advantageous policy change in China especially in the field of criminal justice. Since 2003 GBCC has either led or been a partner in eight multi-year contracts with a total income to GBCC over the period of approximately 5.4 million Euros(£4.3million), mostly from the European Initiative for democracy and Human rights(EIDHR) and the EU delegation in China. Such income has been a valuable source of support for GBCC, worth on average 400,000 Euros per annum over the past 13 years, and the loss of it would have a significant impact. GBCC has also benefitted

## **The Great Britain - China Centre (Limited by Guarantee)**

### **Directors' Report**

from being able to recruit key multilingual expert staff from EU countries without the need for visa formalities. EIDHR income is not conditional upon membership of the EU, and therefore GBCC has a reasonable expectation that future EU funded projects may still be feasible. This will be tested in 2017.

Despite uncertainty over EU funding , the Directors have a reasonable expectation that GBCC will be able to continue its operation and meet its obligations as they fall due over a period of at least 3 years.

### **Events since Year End**

There have been no significant events after the reporting period which need to be noted in these Accounts.

This report was approved by the Board on 15 June 2017.

Richard Pascoe  
**Executive Director, Company Secretary and Accounting Officer**

## The Great Britain-China centre(limited by Guarantee) Strategic Report

The Great Britain China Centre is a non-departmental public body sponsored by the Foreign and Commonwealth Office. GBCC's mission is to develop UK-China relations by building trust and understanding through dialogue and by promoting the rule of law, good governance and sustainable development.

GBCC's main current areas of focus are:

- designing and delivering joint projects that **help develop China's legal and judicial system, including its criminal justice system.**
- helping to build long-term relationships between Chinese and UK decision-makers by holding regular **political and economic dialogues** involving cross-party delegations of UK parliamentarians and senior Chinese officials and policy-makers.
- working with Chinese partners to **advance the rule of law in the interests of economic growth** and an improved business environment for UK companies.

Working as a trusted partner with key Chinese institutions, 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.

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.

The UK government is unique in China in having GBCC as an "arms-length" public body that is differentiated from HMG in its relations with Chinese party-state institutions and which champions legal and judicial reform by means of joint project work, often working with influential Chinese scholars, designed to meet policy objectives of both sides and to deliver results in a measurable manner. In this way, GBCC has for the past two decades assisted Chinese legal experts to bring about gradual change on sensitive issues of international concern such as death penalty reform and necessary reforms in the pre-trial detention system, as well as helping with the training of judges and the exchange of best practice information with China as the country implements a variety of reforms to improve governance and the legal and regulatory environment.

GBCC's typical project model is to work either directly with Party-state institutions or with China's leading academic experts, usually in the country's top law schools, who play a role in advising government and the judiciary on areas for reform, and to design project proposals with them that meet the policy priorities of the UK (or sometimes EU) funding organisation as well as China's perceived reform needs at a particular time. Projects involve study tours to visit UK and European institutions, the despatching of experts to China to share best practice experience in the chosen area of reform, joint workshops and training sessions. The Chinese partners design reform proposals tailored to Chinese circumstances, involving e.g. proposed revisions to laws or implementation regulations, Chinese Supreme Court guidance notices to lower courts, often after testing and pilot runs in outlying provinces, publication of reform recommendations, training sessions and changes to governance practice.

GBCC's work with China over the past four decades demonstrates that it is possible for the UK to support China's development as a positive contributor to international law and global norms, through projects which are designed as partnerships of equals working on common goals and shared problems and opportunities. Progress can only be made to the extent that there is Chinese buy-in for reform, but measurable change has been achieved on a win-win basis. Our experience is that, despite the hard-line stance often taken publicly by senior members of Chinese officialdom, there continues to be an appetite in sections of the Party-state system

## The Great Britain-China centre(limited by Guarantee) Strategic Report

for substantial reform to improve the judicial system, and to make it more respectful of human rights and thereby more credible and responsive to criticism from intellectuals and the growing Chinese middle class.

GBCC works with Chinese partners in the following areas:

### Political and Economic Dialogues

- Since 2007 GBCC has held regular political and economic dialogues involving cross-party groups of UK parliamentarians and Chinese senior officials and policy-makers from the ruling Communist Party or its offshoot, the Communist Youth League, with the purpose of deepening understanding between the political elites of both sides and building relationships for the future.
- Alumni of these “**UK-China Leadership Forum**” and “**UK-China Young Leaders Roundtable**” meetings have gone on to become ministers in both governments over the years. These delegations are led by serving or former ministers on both sides, and each year the discussion is broadened to include MPs and others joining for the first time.
- Altogether over 150 politicians from both sides have attended these dialogues, including seven current serving UK ministers. The two initiatives have become established platforms for informal, closed-door discussion, helping UK politicians to gain a deeper understanding of the Chinese system and China’s reform priorities, helping Chinese policy-makers understand UK perspectives and improve their grasp of UK political culture, and feeding policy inputs into UK-Chinese relations.
- The dialogues are held alternately in China and the UK. They are organised by GBCC in partnership with the International Department of the Party Central Committee and the All-China Youth Federation, the front organisation of the Communist Youth League which trains leaders for the future, with support from corporate partners such as BP and Prudential. These key relationships are a most useful channel for the UK into inner sanctum of the Chinese Communist Party at a Central Committee level.

### Judicial Dialogues

- GBCC organised what was formerly known as the Lord Chancellor’s **Training Scheme for Chinese judges** for 12 years up to 2011, under which 79 Chinese judges studied for an LLM degree at SOAS Law School with placements organised in UK law firms or barristers’ chambers before returning home. Many of the alumni from this scheme are now in influential positions in China and keen to work to expand UK-China legal and judicial relations.
- **GBCC launched a new high-level initiative to establish a regular dialogue between the UK Supreme Court and Chinese Supreme People’s Court in November 2014.** UK Supreme Court President Lord Neuberger led a 7-strong GBCC delegation to Beijing last May for the 3<sup>rd</sup> annual Judicial Roundtable, which led to the signing of an exchange of letters between the UK and Chinese judiciaries agreeing to set up joint expert working groups in areas of mutual interest such as commercial court processes, to discuss subjects such as IPR and insolvency, enforcement of arbitration rulings and foreign judgements. GBCC works closely with the UK Supreme Court, the Royal Courts of Justice of England and Wales and the Scottish judiciary to help establish useful links with the Chinese judiciary which help share UK best practice information with Chinese counterparts while assisting the UK judiciary establish communication channels that will become increasingly useful as China’s global influence as the world’s largest trading nation increases, with a corresponding increase in demand for international commercial dispute resolution mechanisms involving Chinese companies.

## The Great Britain-China centre(limited by Guarantee) Strategic Report

- GBCC designs and implements **practical projects** aimed at sharing UK best practices with the SPC and other official Chinese partner organisations. For example this year GBCC is organising eight weeks of training for two specialist Chinese bankruptcy judges in partnership with Oxford University's Centre for Commercial Law, to assist China in learning how to implement its relatively new insolvency law, which is important for foreign investors.

### Legal and Judicial Reform

- For more than two decades GBCC has worked with Chinese partners to design and deliver a long list of projects to help improve the criminal justice system, on a range of topics from death penalty reform to reforms designed to limit the incidence of torture in the pre-trial detention system. GBCC has worked with Chinese academic experts on several one-year and multi-year projects to restrict the use of the death penalty in Chinese courts, financed by the FCO and the European Union through the EU Initiative for Democracy and Human Rights.
- Over the past 15 years, GBCC project managers have facilitated comparative study of the capital punishment abolition process in many European countries by leading Chinese death penalty reformers, who in turn helped influence legislation revisions as a result. In 2011, thirteen crimes were removed from the list of capital offenses by the 8th Amendment to the Criminal Law, reducing the number of capital crimes from 68 to 55. The Draft 9th Amendment to the PRC Criminal Law was passed on 29 August 2015, which reduced the number of crimes on the list of capital offenses by a further 9 to 46. Another GBCC project helped the Supreme People's Court to raise the standard of evidence required in drug-related cases, which further restricted death penalty use. While the number executed today still remains a closely-guarded state secret, the number is reported by international monitoring organisations to have been considerably reduced.
- Since 2005, GBCC has implemented a series of projects in the field of criminal law reform with the objective of guaranteeing the procedural safeguards and rights of detainees, preventing torture and other forms of ill-treatment in China and working with Chinese reformers who seek to move China closer towards the adoption of the Optional Protocol of the Convention against Torture (CAT).
- GBCC's approach is to respond to Chinese policy priority needs by partnering with influential local organisations and designing and delivering projects in which practical pilots are used to help test and develop policy. The combination of exchanges of good practices and experiences between academics, police, prosecutors, lawyers and judges in Europe and China together with the empirical research of academic partners on the ground have proved effective in influencing national-level legislation and policies.
- GBCC projects, among others, in this field have contributed to increased professionalism and accountability in a number of law enforcement agencies. The establishment of a system of lay visits and a prisoner complaints mechanism drawn up as a result of GBCC projects with influential Chinese partners was being used in around 2,600 pre-trial detention centres in China in 2015, according to a recent Chinese Government White Paper: "New Progress in the Judicial Protection of Human Rights in China".
- Other GBCC projects are contributing towards the lowering of pre-trial detention rates through the implementation of a judicial review procedure and strengthening of formal arrest criteria, as well as the tackling of arbitrary detention and the protection of the most vulnerable detainees during the very first hours of pre-trial detention but also those in post-conviction prisons.

## **The Great Britain-China centre(limited by Guarantee) Strategic Report**

- Eight of GBCC's largest projects have been financed by the European Union. Since 2003 GBCC has either led or been a partner in eight multi-year contracts with a total income to GBCC over the period of approximately 5.4 million Euros mostly from the European Initiative for Democracy and Human Rights (EIDHR) and the EU Delegation in China. This fund remains open to EU non-member countries and therefore GBCC may be able to continue to raise funds from EIDHR in future in partnership with Chinese organisations as in the past, although after Brexit GBCC's success rate in winning such bids may be impacted negatively.

### **Centre for Common Law**

- China's legal system is a civil law system modelled on the Soviet Union in the 1950s and later on the German and Japanese models, modified to suit China's conditions and its Communist political system. However in recent years as the economy has developed and demand for well-trained lawyers has increased, and as Chinese companies have invested abroad in large numbers, interest in common law legal systems has grown. Chinese experts are increasingly looking to common law countries for examples of best practice court procedures that are particularly well-suited to the needs of trade and investment. The UK's "soft power" in China resulting from the reputation for fairness and justice of our legal and judicial system is unrivalled, and represents a major opportunity for the UK.
- To leverage this advantage to expand legal and judicial cooperation with China, in 2014 GBCC set up a cooperative joint venture Centre for Common Law at China's top law school at Renmin University in Beijing, working in partnership with the University of Oxford Law Faculty, to serve as a centre for teaching and research but also to act as a platform to expand UK-China legal and judicial cooperation.
- The Centre has also become a useful platform for discussions with lawyers and legal scholars from Hong Kong, which retained its common law system after reverting to Chinese rule in 1997. Under the "one country, two systems" model, Hong Kong is permitted to retain its separate government and legal system for 50 years, to 2047. The Centre has provided a usual platform for discussion among scholars on how China's predominantly civil law system and how its own common law system in Hong Kong interact, and how this interaction will unfold in future.
- In 2015, the Centre held an international conference on "The Past, Present and Future of the Rule of Law" to mark the 800<sup>th</sup> anniversary of the Magna Carta, bringing together constitutional and public lawyers from more than a dozen countries as well as from Hong Kong. The Centre has provided a useful platform for discussion among China's constitutional lawyers, and for their interaction with leading foreign scholars.
- The Centre has also held a number of other useful international conferences and workshops involving not only legal scholars but also Chinese policy-makers and government experts on subjects such as improving legislative and judicial transparency, the usefulness of English law for international trade, the opening of China's legal services market, issues and opportunities in China's new free trade zones, dispute resolution in third countries, and most recently on the subject of offshore bribery and how to organise international cooperation to prevent it. GBCC helped establish an Academic Advisory Council for the Centre, co-chaired by former Chinese Supreme Court president Xiao Yang and former Lord Chief Justice Lord Phillips, who was the inaugural president of the UK Supreme Court.

## The Great Britain-China centre(limited by Guarantee) Strategic Report

- Leading Chinese legal scholars have expressed their appreciation of the value of the Centre of Common Law to China, and said that it should expand its activities in future.

### GBCC Future Priorities

- As China grows in power and influence, opening up multiple communication channels between the political worlds of both countries is an important opportunity for the UK, and GBCC plans to further expand the impact and usefulness of **political and economic dialogues** between the two countries, including channels for the younger generation of politicians of both sides to establish direct communication.
- There is considerable opportunity for further **cooperation with Chinese government and judicial institutions** as they carry out a series of important reforms in the coming years, designed to make the judiciary more professional, more accountable and better able to respond to the needs of a modernising society and an economy that seeks to move up the value chain. China recognises that if it is to meet its ambitious targets for economic growth, through the expansion of a consumer society and the development of a more sophisticated service sector, an improved legal and judicial system is a prerequisite. China recognises that the UK, as the originating country for common law systems around the world, is an especially useful partner to work with at this stage in its legal and judicial development. Although China is a civil law country, and in the past has looked more closely to the legal systems of Germany and Japan, as Chinese companies become major global investors there are many lessons to be learned from common law best practices given the importance of English law models for international trade and investment. GBCC will therefore continue its work to facilitate **judicial dialogue between China and the UK**, and support the establishment of **joint expert judicial working groups** to expand the sharing of UK best practice experience with China.
- GBCC sees a major opportunity for the UK to expand cooperation to help advance development of China's legal and judicial system in order to expand UK influence over the trajectory of Chinese reform. GBCC was commissioned by the FCO in 2016 to lead a Scoping Exercise to make recommendations for a **3-4-year Rule of Law for Business Programme** with China to be financed by HMG's Global Prosperity Fund. The report was delivered in March 2017. The recommendations were designed to help level the playing field for UK business and to reduce business risk and costs through helping China create better substantive laws, greater transparency and a fairer and more effective justice system in line with China's own reform plans. It will include proposals for joint projects to improve anti-monopoly measures, to build more competitive markets, to achieve greater protection of intellectual property rights, investor and consumer rights and cooperation on anti-bribery and anti-money-laundering measures and other steps to advance the rule of law. The aim is to help provide greater legal certainty for business, remove or lower market access barriers, create more reliable dispute resolution mechanisms, combat overseas financial crime and to improve the conditions for cross-border trade and the application of international standards.
- Foreign businesses in China are increasingly struggling with the way they and their employees are treated within the **Chinese criminal justice system**, and it is therefore crucial that business-related legal reforms are pursued in parallel with reforms to the criminal justice system. China is open to close cooperation with the UK in this field. GBCC's projects are designed to achieve measurable outcomes and therefore rely on our ability to identify in consultation with our UK

and Chinese partners precisely where UK and Chinese interests align in terms of legal and judicial reform. Work to design an expanded programme of useful project work is currently under way.

- **China's ambitious new Silk Roads initiative** – its plan to create a new belt of economic development through the old Silk Road countries of central Asia to Europe and to create a new maritime Silk Road through Southeast and South Asia to Africa, the Middle East and beyond – which China says could involve infrastructure investment many times larger than that of the Marshall Plan for the post-war reconstruction of Europe – has prompted China to call for closer legal and judicial cooperation with the UK because of the need to manage the business, contractual and legal risks involved in such a huge and costly venture. In November 2016 GBCC organised a conference in Beijing on this theme with the China Law Society, the organisation designated by the ruling Party's Leading Group for Judicial Reform to work with GBCC on this initiative following a meeting with GBCC President Lord Mandelson and GBCC Chairman Sir Martin Davidson in November 2015, alongside the 8<sup>th</sup> UK-China Leadership Forum political dialogue meeting. This conference of 200 people, including 60 delegates on the UK side led by former Lord Chief Justice Lord Phillips and Lord Keen, representing the UK Ministry of Justice, explored how expanded UK-China legal and judicial cooperation could help businesses from both countries benefit from the new Silk Roads initiative by working together to manage the business risks more effectively, and thereby achieve greater economic, trade and investment results from the initiative. The UK delegation was invited to a meeting during the conference with the **senior Politburo member** in charge of legal and judicial reform and security matters, Secretary Meng Jianzhu, who expressed his support for expanded legal and judicial cooperation with the UK in the interests of expanded economic growth and bilateral trade and investment.
- GBCC's recommendations for a 4-year Rule of Law for Business programme with China map out how the UK can best take advantage of this opportunity to work more closely with China in support of its legal and judicial reform programme, in a manner which helps UK business benefit from China's reforms as they are implemented.
- Clearly China's definition of the rule of law differs greatly from that of the UK – the Chinese term for rule of law is much more accurately translated as "rule by law" or "rule according to the law" rather than "the rule of law" as it is defined in the UK. From the UK perspective there are many serious problems still to be addressed. But the most practical way to help China move forward is to pursue proactive engagement in China's reform programmes, based on a thorough understanding of China's own priorities, with a focus on continued economic growth, as the necessary prerequisite for further progress later on. GBCC's strategy is to expand its role as a facilitator of closer engagement between China and the UK in the interests of the above objectives.

Richard Pascoe  
Executive Director, Accounting Officer and Company Secretary

15 June 2017

**The Great Britain - China Centre (Limited by Guarantee)  
Remuneration Report for the year ended 31 March 2017**

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

Chairman	- Sir Martin Davidson- appointed February 5, 2015
Board Member	- Richard Jackson-appointed April 1, 2016
Co-opted external appointee	- John Hughes- co-opted January 26, 2016

Richard Pascoe, the Executive Director and the highest paid employee at GBCC, is employed on a fixed term contract up to September 15, 2017 and a successor has been recruited.

The Personnel Committee reviews the remuneration of all GBCC staff including the Executive Director based on annual appraisals carried out by the staff line managers.

The Executive Director's remuneration details are given below. He has waived his right to a pension from GBCC. These figures have been subject to Audit:

	<b>2017</b>	<b>2016</b>
	R Pascoe	R Pascoe
	£	£
Gross salary on full time equivalent basis	90,784	89,761
Accrued pension as at 31 March	-	-
Accrued lump sum as at 31 March	-	-
Real increase in pension	-	-
Real increase in lump sum	-	-
Cash equivalent transfer value at 31 March	-	-
Real increase in cash equivalent value funded by the employer	-	-
Employee contributions	-	-
No benefits in kind were paid. [2015-16 nil]		
A performance- related award of £10,080 was paid in 2016-17 (2015-16 £10,045) in respect of 2015-16 performance and is not included in gross salary.		

The government financial reporting manual now requires the banded remuneration of the highest paid director and the ratio between this and the median remuneration of the reporting entities staff for all those in post at year end.

The calculation is based on the Full Time Equivalent staff of the reporting entity at the 31 March 2017 on an annualised basis and includes any temporary staff employed during the year.

	<b>2017</b>	<b>2016</b>
	£	£
Median total of Employees (exc director)-remuneration	28,339	30,287
Pay multiple at 31 March	3.6	3.3

The pay multiple has increased because the median salary has decreased during the current financial year. The pay data in the remuneration report is subject to audit.

The notes on pages 25-30 form part of these accounts

Richard Pascoe  
Executive Director, Company Secretary and Accounting Officer

Date

15-Jun-17

## 1. Board Membership

As at the end of March 2017 GBCC's Board of Directors had 15 members, including 10 directors including British Council nominee Carma Elliot, head of the British Council in China, who joined the Board as the British Council representative to succeed Dewi Knight following his resignation from the Council. Gareth Ward, the outgoing head of the FCO China Department and the FCO nominee director, left the Board and was replaced in April 2017 by Alex Pinfield.

## 2. Overview of Board Structure and Performance

The GBCC Board played a proactive role in shaping GBCC's strategy for the future in close cooperation with the FCO, after the new government of Prime Minister Theresa May confirmed the importance of developing a closer strategic partnership with China following the referendum decision to leave the European Union.

During 2016-17 GBCC was commissioned by the FCO to conduct a major scoping exercise to map out the potential for an ambitious 4-year programme to help advance the rule of law in China in the interests of economic development, delivering at the same time improvements in the business environment that will help level the playing field and reduce business risks and costs for UK companies.

The Scoping Exercise Report, delivered in March, found that there is a strong appetite among the main Chinese stakeholders to work with the UK to reference UK best practices as China designs important legal and judicial reforms. There is strong demand in the UK business community to see China make progress in this critical area and a willingness on the part of key UK stakeholders to share best practice knowledge with the world's largest trading nation as it seeks to establish a more law-based system of governance to advance economic development and growth.

The Report identified a long list of rule of law issues that UK business would like to see addressed by a Rule of Law for Business Programme, in order to provide greater legal certainty and protection against discriminatory or arbitrary decisions, and made a series of detailed recommendations which at the time of writing were under consideration by HMG for implementation in 2017-2021, with support from the government's global Prosperity Fund.

The recommendations, compiled with input and guidance from the GBCC Board's new Strategy and Corporate Relations Committee, are aimed at facilitating reforms to China's judicial, legal and regulatory systems in the interests of economic growth, working closely with the FCO and the judiciary in the UK and with a range of key partners in China, including the Supreme People's Court and the China Law Society, as well as China's top law school at Renmin University with whom GBCC has established a joint venture Centre for Common Law in partnership with Oxford University Law Faculty to act as a platform for legal and judicial cooperation.

The Board had three sub-committees active during the year, the Audit and Risk Assurance Committee, chaired by a Vice-Chairman, and the Personnel and Appointments Committee and the Strategy and Corporate Relations Committee, both chaired by the GBCC Chairman, which offered guidance and support to the GBCC Executive Director and his team in the strategic development of the organisation.

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. 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-Chairmen of GBCC and the Chairman of the Audit and Risk Assurance Committee are elected from within the Board membership as is membership of the sub-committees.

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

Members of the Board have corporate responsibility for ensuring that the GBCC complies with all statutory or 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.
- 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 and their details is presented on page 1 of the GBCC report and statements. During 2016-17 the number of Board and Committee meetings with individual attendance was as follows:

Director	Board(4)		Audit and Risk Assurance Committee(4)		Personnel Committee(2)		Strategy & Corp Relat(3)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
L Byrne MP	4	2						
M Davidson	4	4			2	2	3	3
C Fitzgibbon	4	3	4	3				
R.Graham MP	4	3						
J Hughes					2	2		
C Hum	4	1	4	2				
G Ward	3	1						
A Black	4	3	4	3			3	3
W Godwin	4	3					3	3
J Howell	4	2						
D Knight	2	1						
C Elliot	2	0						
Co-Opted:								
R Wye	4	3						
S Phillips	4	1						
C Haswell	4	3						
R Jackson	4	4	4	3	2	2	3	3
N Sampson	4	0	4	0				
<b>Totals</b>	<b>59</b>	<b>34</b>	<b>20</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>12</b>
<b>Percentage</b>		<b>58%</b>		<b>55%</b>		<b>100%</b>		<b>100%</b>

The Board meetings are governed by the GBCC Articles of Association which determine that a meeting is quorate if seven or more members attend. There is a Management Statement and Financial Memorandum between the FCO and GBCC, and a one-page MOU agreed between GBCC and the FCO China Department as recommended in the last Triennial Review.

The Board will conduct an effectiveness review in the 2017-18 financial year at the request of the Chairman, and establish a Nominations sub-committee to handle a new round of Board recruitment to replace members

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

who have left and whose terms of office are close to expiry. The Nominations Committee will take into account the need to ensure greater diversity of membership while considering the requirement for particular skills and experience for the future.

### 3. 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 FCO’s China Department to ensure alignment with its China strategy. In accordance with the 2016 UK Corporate Governance Code, the Board has assessed the forward strategy of GBCC for the next three years. The Board’s scrutiny of GBCC’s forward strategy includes regular assessment of the main risks facing GBCC and management’s methodology to address them.

GBCC’s GIA has been confirmed at £470,000 for 2017-18, a six per cent reduction on last year’s £500,000, which was a 100% increase over the previous year’s level of £250,000. The aim of the increase was to enable GBCC to support the FCO in its strategy to expand UK-China legal judicial cooperation in the interests of advancing economic growth and prosperity, helping to level the playing field for UK companies in China in the process. The GIA includes support for the UK’s judicial dialogues with China. While funding levels are not guaranteed by the FCO for subsequent years, the importance of the UK-China relationship for UK policy in a post-Brexit world, and the key role played by GBCC in helping to design and deliver the Rule of Law for Prosperity Programme strategy has provided the Board with indirect assurance that GBCC activities will continue to be funded by HMG over the course of the next three financial years.

GBCC won a contract from the FCO last year to conduct a Rule of Law for Prosperity Scoping Exercise, funded by the UK Government’s Prosperity Fund for so-called “emerging market countries” of which China is the largest and most important. The final report on the Scoping Exercise, delivered on March 13<sup>th</sup>, made detailed recommendations for a series of projects to expand legal and judicial cooperation with Chinese partners in 2017-2021, in order both to advance the rule of law in China and improve the business environment for both Chinese and UK companies.

GBCC also raises funds from corporate sponsorship and other sources including the Dutch government, for whom GBCC is delivering a successful project with a top Chinese criminal justice institute to help eradicate the roots of torture in the pre-trial detention system, and the EU delegation in Beijing which awarded a 400,000-Euro contract to GBCC in 2015. Corporate sponsorship was received from BP and Prudential in 2016-17 and a major sponsorship drive is to be conducted in 2017-18.

The Board has considered the impact on GBCC from the decision to leave the European Union as a result of the June 23 referendum. GBCC only has one current grant contract from the EU which is a two-year contract signed in December 2015 worth Euros 400,000 which is valid from 1st April 2016 to 31st March 2018.

Past grant income from the EU has been significant for the work of the GBCC in financing research partnerships to support advantageous policy change in China especially in the field of criminal justice. Since 2003 GBCC has either led or been a partner in eight multi-year contracts with a total income to GBCC over the period of approximately 5.4 million Euros (£4.3 million), mostly from the European Initiative for Democracy and Human Rights (EIDHR) and the EU Delegation in China. Such income has been a valuable source of support for GBCC for our China partnership activities. GBCC has also benefitted from being able to recruit key multilingual expert staff from EU countries without the need for visa formalities. EIDHR calls for proposals are open to non-EU countries, which means that GBCC is not necessarily excluded from such income sources in future after Brexit although the chances of winning bids may be reduced.

GBCC maintained prudent levels of cash reserves at the end of the financial year.

The Directors therefore have a reasonable expectation that GBCC will be able to continue its operation and meet its obligations as they fall due over a period of at least the next 3-4 years provided that government policy towards China does not undergo major change, and that China itself remains on its current development trajectory.

#### 4. Risk Management

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

The main risk to GBCC throughout the year has been the risk of being unable to raise sufficient funds to support our ongoing project work in China. Many new opportunities for future funded projects arose during the course of the Scoping Exercise on advancing the rule of law in the interests of economic growth and prosperity that appeared likely to result in an expansion of legal and judicial cooperation with China over the next four years.

This to some extent mitigated the risk of losing access to EU funding for GBCC projects following the UK's vote to leave the EU. GBCC will remain eligible for some EU project funding, such as that offered by the EU Initiative for Democracy and Human Rights, as it is open also to organisations from non-member countries of the EU to apply.

Another major risk remains the political risk associated with the GBCC's project work in China 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. However the standing of the GBCC nonetheless remains relatively secure: China's own legal and judicial reform programme has created greater opportunities for GBCC to work closely with official organisations in China including the Supreme People's Court and the China Law Society, an umbrella organisation under the Party's Political and Legal Affairs Commission, as well as with research partners such as the Centre for Criminal Justice Reform at Renmin University Law School, which has close connections with the Chinese judiciary and procuratorate, which rely on centres of scholarship to assist in reform programmes designed to improve e.g. the protection of the rights of detainees in the criminal justice system. GBCC's model of designing win-win projects with Chinese organisations has enabled its work to be positioned increasingly in China as part of the UK-China strategic global partnership.

GBCC's operating model is to design projects that are feasible and practical, based not only on UK policy priorities for China but also on a thorough and deep understanding of China's own reform plans, choosing high-quality partners with integrity and strong track records of success.

The Board continued to consider the possible impact on the GBCC's operations of the new law governing the operation of international NGOs which came into force on 1<sup>st</sup> January 2017, the scope of which remained unclear in some respects.

GBCC's other main risk is the organisation's dependence on a small number of key staff, a problem partially alleviated through the recruitment of new contract staff during the year. The Board's Personnel and Appointments Committee has addressed this issue through the commissioning of an independent report with recommendations on the creation of a new management structure which will be implemented in stages starting in the 2017-18 financial year.

Business continuity and remote operations were greatly improved through the commissioning of a new Cloud-based IT system which works well in the UK, although not always in China where internet censorship can result in poor response time.

## 5. 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 March 31, 2017 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. In particular, it includes:

- The drafting by the Finance Manager of an annual budget prepared on a prudent basis, reviewed and amended by the Executive Director and approved by the Board and agreed by the China Department of the FCO;
- Regular scrutiny by the Audit and Risk Assurance Committee and the Board of the management accounts and the annual financial report, 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 Finance Manager on all significant issues.

The Audit and Risk Assurance Committee (ARAC) is managed diligently by a senior and highly experienced financial expert with an accounting background, in his role as Vice Chairman and Hon. Treasurer of the GBCC. The Comptroller and Auditor General's audit takes a substantive testing approach to the testing of GBCC's financial statements as part of the annual audit, while taking into account any work done by internal audits that may take place during the year.

The FCO Internal Audit Department, which has responsibility for internal audit within GBCC, conducted an audit on controls to minimise the risk of fraud, and concluded that GBCC's anti-fraud controls provide substantial assurance.

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 the 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, and with all UK laws and regulations of which I am aware. There were no lapses of data security or data losses during the year.

Richard Pascoe

Date: 15 June 2017

Executive Director, Company Secretary and Accounting Officer

## **The Great Britain - China Centre (Limited by Guarantee)**

### **Statement of the Company Secretary as Accounting Officer, and the Directors' Responsibilities**

Under the Government Resources and Accounts Act 2000, the Secretary of State (with the consent of HM Treasury) has directed the GBCC to prepare for each financial year a statement of accounts in the form and on the basis set out in the *Accounts Direction Handbook*. The accounts are prepared on an accruals basis and must give a true and fair view of the state of the affairs of the GBCC and of its income and expenditure, changes in taxpayer's equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual*, and company law requires the Company Secretary and Directors to comply in a similar manner as follows:

- \* observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply them consistently;
- \* 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 accounts; and
- \* prepare the accounts financial statements on a going concern basis

The Accounting Officer of the Foreign and Commonwealth Office has designated the Secretary as Accounting Officer of the GBCC. 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 GBCC's assets, are set out in *Managing Public Money* published by HM Treasury and in the Companies Act 2006.

The Company Secretary and Directors are similarly responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and comply with the Companies Act 2006. They also have a general responsibility for taking such steps as are reasonably available to safeguard the assets of the company and to prevent fraud and other irregularities.

## **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 certify that I have audited the financial statements of the Great Britain China Centre for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise the Group and Parent Company Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and as regards the parent company financial statements as applied 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.

#### **Respective responsibilities of the Board, Accounting Officer and auditor**

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Directors Report, the Strategic Report, the Governance Statement and the part of the Remuneration Report that is not audited to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income 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.

**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**

In my opinion:

- \* the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- \* the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- \* the financial statements have been prepared in accordance with the Companies Act 2006.

**Opinion on other matters**

In my opinion:

- \* the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- \* the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters for which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- \* adequate accounting records have not been kept by the parent company ; or
- \* the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- \* I have not received all of the information and explanations I require for my audit; or
- \* the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

- \* I have no observations to make on these financial statements.

*Sir Amyas C E Morse*

Date June 2017

*Comptroller and Auditor General*

*National Audit Office*

*157-197 Buckingham Palace Road*

*Victoria,*

*London*

*SW1W 9SP*

**The Great Britain - China Centre (Limited by Guarantee)**

**Consolidated Statement of Comprehensive Net Expenditure for the Period Ended 31 March 2017**

	Notes	Consolidated		Great Britain - China Centre	
		2017	2016	2017	2016
		£	£	£	£
<b>Income</b>					
Revenue from activities	2	1,230,659	934,701	1,230,659	853,525
Exchange Gain/(Loss)		8,092	29,305	8,092	29,305
Other revenue	3	3,005	-	3,005	-
		<u>1,241,756</u>	<u>964,006</u>	<u>1,241,756</u>	<u>882,830</u>
<b>Expenditure</b>					
Cost of activities	2	(1,291,468)	(900,375)	(1,280,997)	(819,994)
Administration expenses	4	(354,018)	(278,743)	(354,018)	(278,743)
		<u>(1,645,486)</u>	<u>(1,179,118)</u>	<u>(1,635,015)</u>	<u>(1,098,737)</u>
<b>Net Expenditure</b>		<b>(403,730)</b>	<b>(215,112)</b>	<b>(393,259)</b>	<b>(215,907)</b>
Taxation on interest received	6	(192)	(298)	(192)	(298)
Interest receivable		961	1,488	961	1,488
<b>Net Expenditure after Taxation and Interest</b>		<b><u>(402,961)</u></b>	<b><u>(213,922)</u></b>	<b><u>(392,490)</u></b>	<b><u>(214,717)</u></b>

**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 25-30 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Consolidated Statement of Financial Position as at 31 March 2017**

	Notes	Consolidated		Great Britain-China Centre	
		2017	2016	2017	2016
		£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment	7	6,705	3,237	6,705	3,237
Intangible assets	8	<u>664</u>	<u>1,817</u>	<u>664</u>	<u>1,817</u>
		7,369	5,054	7,369	5,054
<b>Current assets</b>					
Trade receivables	9	271,953	43,698	271,953	82,593
Cash	10	<u>671,854</u>	<u>791,984</u>	<u>671,656</u>	<u>740,893</u>
		943,807	835,682	943,609	823,486
<b>Current liabilities</b>					
Trade payables and other current liabilities	11	<u>(423,973)</u>	<u>(407,572)</u>	<u>(423,938)</u>	<u>(406,010)</u>
<b>Net current assets</b>		519,834	428,110	519,671	417,476
<b>Total assets less current liabilities</b>		<u>527,203</u>	<u>433,164</u>	<u>527,040</u>	<u>422,530</u>
Provision for liabilities and charges	12	-	(3,000)	-	(3,000)
<b>Total assets less liabilities</b>		<u>527,203</u>	<u>430,164</u>	<u>527,040</u>	<u>419,530</u>
<b>Statement of changes in taxpayer's equity</b>					
General Reserves		<u>527,203</u>	<u>430,164</u>	<u>527,040</u>	<u>419,530</u>

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 and authorised for issue by the Board on 15 June 2017

Sir Martin Davidson  
**Chairman**

Richard Pascoe  
**Executive Director, Company Secretary and Accounting Officer**

The notes on pages 25 to 30 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Consolidated Cash Flow Statement for the period ended 31 March 2017**

Statement of cash flows	Notes	Consolidated		Great Britain - China Centre	
		2017	2016	2017	2016
		£	£	£	£
Net Expenditure for the year before interest and taxation		(403,730)	(215,112)	(393,259)	(215,907)
Adjustments for:					
Depreciation charges	7 & 8	2,943	5,667	2,943	5,667
Provision		(3,000)	-	(3,000)	-
(Increase)/decrease in trade receivables and other current assets	9	(228,255)	75,259	(189,360)	77,068
Increase/(decrease) in trade payables and other current liabilities	11	16,401	125,992	17,928	165,612
Net cash outflow from operating activities		<u>(615,641)</u>	<u>(8,194)</u>	<u>(564,748)</u>	<u>32,440</u>
Cash flows from investing activities		769	1,190	769	1,190
Purchase of non current assets and intangible assets	7 & 8	(5,258)	(4,932)	(5,258)	(4,932)
Cash flows from financing activities		500,000	250,000	500,000	250,000
<b>(Decrease)/increase in cash and cash equivalents in the period</b>		<u>(120,130)</u>	<u>238,064</u>	<u>(69,237)</u>	<u>278,698</u>
Cash and cash equivalents at the beginning of period	10	791,984	553,920	740,893	462,195
Cash and cash equivalents at the end of period	10	<u>671,854</u>	<u>791,984</u>	<u>671,656</u>	<u>740,893</u>

The notes on pages 25 to 30 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Consolidated Statement of Changes in Taxpayer's Equity for the Period Ended 31 March 2017**

	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Balance at 1 April 2015 & 2016	430,164	394,086	419,530	384,247
Statement of Comprehensive Net expenditure	(402,961)	(213,922)	(392,490)	(214,717)
Grant in aid received	500,000	250,000	500,000	250,000
Balance at 31 March 2016 & 2017	<u>527,203</u>	<u>430,164</u>	<u>527,040</u>	<u>419,530</u>

The notes on pages 25 to 30 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Consolidated Notes to the Accounts for the Year Ended 31 March 2017**

**1 Basis of preparation and consolidation**

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, GBCC had one subsidiary, the UK China Forum, which was wholly controlled by the GBCC. The GBCC financial statements consolidate the results of its subsidiary.

Intra-group transactions are eliminated on consolidation and all income and expenditure figures in the Statement of Financial Activities relate to external activities only.

**Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards stated above.

**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.

**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:

Computer hardware	25% straight line depreciation on cost
Fixtures, fittings and office equipment	20% on the reducing balance

**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.

**Foreign currencies**

Transactions in foreign currencies are translated at the EU rate prevailing in the month of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the EU rate of exchange ruling at the balance sheet date. All differences are taken to the net expenditure account.

**Pensions**

The company is a member of the Principal Civil Service Pension Scheme (PCSPS) and for accounting purposes, it is treated as a defined contribution pension scheme. Contributions are charged to the Statement of Consolidated Net Expenditure as they become payable in accordance with the rules of the scheme. The PCSPS was closed to all new GBCC employees from April 1, 2014. All new employees were enrolled into a GBCC defined pension contribution scheme with Standard Life from January 1, 2016. Contributions are charged to the Statement of Consolidated net expenditure as they become payable in the same way as the PCSPS scheme.

**Accounting Estimates and Judgements**

In the preparation of the consolidated financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year. Actual results may differ from these estimates.

**Income and expenditure**

Income is recognised in the period in which it is receivable and expenditure is charged in the period to which it relates. GBCC only operates through one segment.

Income consists of project funding for its activities. Grant -in-Aid received from the FCO is treated as financing through Changes in Taxpayers Equity.

The cost of unpaid leave is accrued at the end of the financial year.

Bad debt provisions are only made on specific bad debts.

GBCC activities are funded by external project grants and not from GBCC funds. The activities do not generate revenues although a management charge is made by the GBCC for project management.

The Great Britain - China Centre (Limited by Guarantee)  
Consolidated Notes to the Accounts for the Year Ended 31 March 2017

2 Analysis of activities	Notes	Consolidated			Great Britain - China Centre		
		2017	2017	2017	2017	2017	2017
		Income	Expenditure	Net	Income	Expenditure	Net
		£	£	£	£	£	
Political Dialogue		50,000	62,110	(12,110)	50,000	51,639	(1,639)
Stengthening GBCC to deliver Economic Growth	5	-	-	-	-	-	-
P-China Law Society		62,380	62,380	-	62,380	62,380	-
P-Developing Common Law		165,532	165,532	-	165,532	165,532	-
Scoping Exercise		382,619	382,619	-	382,619	382,619	-
MC-New detention Project		248,432	248,432	-	248,432	248,432	-
3rd Judicial Roundtable		-	33,844	(33,844)	-	33,844	(33,844)
EU Torture 2016-18		123,512	123,885	(373)	123,512	123,885	(373)
EU Torture Cofunding		9,542	9,542	-	9,542	9,542	-
EU Freedom of expression project		-	-	-	-	-	-
EU CCLS Death Penalty		2,745	2,745	-	2,745	2,745	-
Dutch Embassy Project		152,150	152,150	-	152,150	152,150	-
EU Civil Society		-	-	-	-	-	-
China Network Fund Judicial Roundtable		-	-	-	-	-	-
SPC Peoples Assessor Project		26,501	26,501	-	26,501	26,501	-
Magna Carta Conference		-	-	-	-	-	-
Beijing Higher Peoples Court		-	-	-	-	-	-
Guizhou High Court		-	-	-	-	-	-
Jiangxi Higher Peoples Court		-	-	-	-	-	-
Judicial Training		-	17,118	(17,118)	-	17,118	(17,118)
SPF Pre-emptive Prevention of Torture		-	-	-	-	-	-
SPF Death Penalty Review Procedures		-	-	-	-	-	-
Project Development		-	4,610	(4,610)	-	4,610	(4,610)
Management fees		7,246	-	7,246	7,246	-	7,246
		<u>1,230,659</u>	<u>1,291,468</u>	<u>(60,809)</u>	<u>1,230,659</u>	<u>1,280,997</u>	<u>(50,338)</u>

Revenue and expenditure is broken down between EU and Non EU Elements as follows:

	Consolidated			Great Britain - China Centre		
	2017	2017	2017	2017	2017	2017
	£	£	£	£	£	£
EU	135,798	136,172	(374)	135,798	136,172	(374)
Non EU	<u>1,094,861</u>	<u>1,155,296</u>	<u>(60,435)</u>	<u>1,094,861</u>	<u>1,144,825</u>	<u>(49,964)</u>
	<u>1,230,659</u>	<u>1,291,468</u>	<u>(60,809)</u>	<u>1,230,659</u>	<u>1,280,997</u>	<u>(50,338)</u>

Analysis of activities		Consolidated			Great Britain - China Centre		
		2016	2016	2016	2016	2016	2016
		Income	Expenditure	Net	Income	Expenditure	Net
		£	£	£	£	£	
Political Dialogue		120,071	80,381	39,690	38,895	-	38,895
Stengthening GBCC to deliver Economic Growth	5	450,000	451,596	(1,596)	450,000	451,596	(1,596)
P-China Law Society		-	-	-	-	-	-
P-Developing Common Law		-	-	-	-	-	-
Scoping Exercise		-	-	-	-	-	-
MC-New detention Project		-	-	-	-	-	-
3rd Judicial Roundtable		-	-	-	-	-	-
EU Torture 2016-18		-	-	-	-	-	-
EU Torture Cofunding		-	-	-	-	-	-
EU Freedom of expression project		(2,251)	(233)	(2,018)	(2,251)	(233)	(2,018)
EU CCLS Death Penalty		3,574	3,574	-	3,574	3,574	-
Dutch Embassy Project		246,272	246,272	-	246,272	246,272	-
EU Civil Society		-	7,411	(7,411)	-	7,411	(7,411)
China Network Fund Judicial Roundtable		7,000	7,001	(1)	7,000	7,001	(1)
SPC Peoples Assessor Project		-	-	-	-	-	-
Magna Carta Conference		9,241	9,241	-	9,241	9,241	-
Beijing Higher Peoples Court		1,628	1,649	(21)	1,628	1,649	(21)
Guizhou High Court		1,378	1,378	-	1,378	1,378	-
Jiangxi Higher Peoples Court		1,378	1,438	(60)	1,378	1,438	(60)
Judicial Training		-	-	-	-	-	-
SPF Pre-emptive Prevention of Torture		60,009	60,009	-	60,009	60,009	-
SPF Death Penalty Review Procedures		29,276	29,276	-	29,276	29,276	-
Project Development		-	1,382	(1,382)	-	1,382	(1,382)
Management fees		7,125	-	7,125	7,125	-	7,125
		<u>934,701</u>	<u>900,375</u>	<u>34,326</u>	<u>853,525</u>	<u>819,994</u>	<u>33,531</u>

The Great Britain - China Centre (Limited by Guarantee)  
Consolidated Notes to the Accounts for the Year Ended 31 March 2017

Revenue and expenditure is broken down between EU and Non EU Elements as follows:

	Consolidated		2016	Great Britain - China Centre		2016
	2016	2016		2016	2016	
	£	£		£	£	
EU	1,323	10,752	(9,429)	1,323	10,752	(9,429)
Non EU	933,378	889,623	43,755	852,202	809,242	42,960
	<u>934,701</u>	<u>900,375</u>	<u>34,326</u>	<u>853,525</u>	<u>819,994</u>	<u>33,531</u>

  

3 Other revenue	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Disposal of Assets	-	-	-	-
Miscellaneous	3,005	-	3,005	-
	<u>3,005</u>	<u>-</u>	<u>3,005</u>	<u>-</u>

  

4 Administration expenses	Notes	Consolidated		Great Britain - China Centre	
		2017	2016	2017	2016
		£	£	£	£
Running costs		125,819	38,557	125,819	38,557
Rent and service charges		73,534	33,675	73,534	33,675
Auditor's remuneration		9,000	6,000	9,000	6,000
Depreciation & amortisation	7 & 8	2,943	5,668	2,943	5,668
Staff Costs	5	548,420	324,187	548,420	324,187
Salary Recovery		(332,884)	(80,067)	(332,884)	(80,067)
Overhead Recovery		(72,814)	(49,277)	(72,814)	(49,277)
		<u>354,018</u>	<u>278,743</u>	<u>354,018</u>	<u>278,743</u>

The audit fee for the current year is £9,000 (2015-16 £6,000) and no non audit work has been carried out.

5 Payroll Costs

Payroll costs are included in Administration expenses in the current year whereas in 2015-16 only Permanent staff were included under this heading. The remaining staff were employed under contract and were included as part of the Cost of Activities

Staff costs are shown below:

Permanent Staff costs	Consolidated		Great Britain -China Centre	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	323,094	269,398	323,094	269,398
Social security costs	34,890	25,062	34,890	25,062
Other pension costs PCSPS	20,407	27,277	20,407	27,277
Other pension costs Standard Life	5,568	390	5,568	390
Employee Benefit Accruals	5,589	2,060	5,589	2,060
	<u>389,548</u>	<u>324,187</u>	<u>389,548</u>	<u>324,187</u>

Contract staff costs totaling £136,184 are shown below for 2015-16 and form part of the total project costs of £451,596 for the strengthening of GBCC to deliver Economic Growth.

Contract Staff	Consolidated		Great Britain -China Centre	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	135,005	116,450	135,005	116,450
Social security costs	11,579	11,145	11,579	11,145
Other pension costs PCSPS	-	-	-	-
Other pension costs Standard Life	9,451	2,168	9,451	2,168
Employee Benefit Accruals	2,837	6,421	2,837	6,421
	<u>158,872</u>	<u>136,184</u>	<u>158,872</u>	<u>136,184</u>

Total Payroll Costs	Consolidated		Great Britain -China Centre	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	458,099	385,848	458,099	385,848
Social security costs	46,469	36,207	46,469	36,207
Other pension costs PCSPS	20,407	27,277	20,407	27,277
Other pension costs Standard Life	15,019	2,558	15,019	2,558
Employee Benefit Accruals	8,426	8,481	8,426	8,481
	<u>548,420</u>	<u>460,371</u>	<u>548,420</u>	<u>460,371</u>

Average number of employees during the year	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
Administration and activities	6	5	6	5
Contract Staff	5	4	5	4
Total	<u>11</u>	<u>9</u>	<u>11</u>	<u>9</u>

**The Great Britain - China Centre (Limited by Guarantee)**  
**Consolidated Notes to the Accounts for the Year Ended 31 March 2017**

The GBCC was admitted to the Principal Civil service Pension Scheme(PCSPS) on 1 September 2002. The accrued benefits for staff members of the Centre's previous by analogy scheme were transferred to the PCSPS. It is a condition that on admission to the PCSPS, the Centre is required to pay each year an accruing superannuation liability charge for the staff members in the scheme. The charge for the year was £20,407 (2015-16 £27,277) The PCSPS scheme was closed to new entrants from April 1, 2014. A pension scheme with Standard Life was set up for new entrants from 1 January 2016 and the charge for the year was £15,019.(2015-16 £2558)

6 Taxation on interest received	Consolidated		Great Britain - China Centre	
	2017 £	2016 £	2017 £	2016 £
UK corporation tax	192	298	192	298
<b>7 Property, plant &amp; equipment</b>				
	Computers	Fixtures & Fittings	Office Equipment	Total
	£	£	£	£
<b>GBCC</b>				
<b>Cost</b>				
At 1 April 2016	20,315	-	2,949	23,264
Additions	5,258	-	-	5,258
Disposals	-	-	-	-
At 31 March 2017	25,573	-	2,949	28,522
<b>Depreciation</b>				
At 1 April 2016	19,526	-	501	20,027
Charge for the year	1,300	-	490	1,790
Disposals	-	-	-	-
At 31 March 2017	20,826	-	991	21,817
<b>Net book value</b>				
At 31 March 2017	4,747	-	1,958	6,705
At 31 March 2016	789	-	2,448	3,237
<b>Property, plant &amp; equipment</b>	Computers	Fixtures & Fittings	Office Equipment	Total
	£	£	£	£
<b>GBCC</b>				
<b>Cost</b>				
At 1 April 2015	19,314	18,612	6,691	44,617
Additions	1,001	-	2,664	3,665
Disposals	-	(18,612)	(6,406)	(25,018)
At 31 March 2016	20,315	-	2,949	23,264
<b>Depreciation</b>				
At 1 April 2015	19,185	17,679	6,165	43,029
Charge for the year	341	933	742	2,016
Disposals	-	(18,612)	(6,406)	(25,018)
At 31 March 2016	19,526	-	501	20,027
<b>Net book value</b>				
At 31 March 2016	789	-	2,448	3,237
At 31 March 2015	129	933	526	1,588
<b>8 Intangible assets</b>				
				Total £
<b>GBCC</b>				
<b>Cost</b>				
At 1 April 2016				14,709
Additions				
Disposals				
At 31 March 2017				14,709
<b>Amortisation</b>				
At 1 April 2016				12,892
Charge for the year				1,153
Disposals				
At 31 March 2017				14,045
<b>Net book value</b>				
31 March 2017				664
At 31 March 2016				1,817
<b>Cost</b>				
At 1 April 2015				15,695
Additions				1,267
Disposals				(2,253)
At 31 March 2016				14,709
<b>Amortisation</b>				
At 1 April 2015				11,494
Charge for the year				3,651
Disposals				(2,253)
At 31 March 2016				12,892
<b>Net book value</b>				
<b>31 March 2016</b>				1,817
At 31 March 2015				4,201

All intangibles relate to software and there have been no changes to intangible assets on consolidation.

The Great Britain - China Centre (Limited by Guarantee)  
Consolidated Notes to the Accounts for the Year Ended 31 March 2017

9 Trade receivables and other current assets	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Trade receivables	239,036	23,703	239,036	23,703
Prepayments and accrued income	32,917	19,995	32,917	58,890
	<u>271,953</u>	<u>43,698</u>	<u>271,953</u>	<u>82,593</u>

Trade receivables and other Current Assets are broken down between balances with other Central Government Departments (CGDs), Other Government Departments(OGD) and balances with bodies External to the Government(E to G) as follows:

	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Balances with other CGDs	212,535	23,703	212,535	23,703
Balances with OGDs				
Balances with bodies E to G	59,418	19,995	59,418	58,890
	<u>271,953</u>	<u>43,698</u>	<u>271,953</u>	<u>82,593</u>

10 Cash	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Balance at 1 April	791,984	553,920	740,893	462,195
Net change in Cash	(120,130)	238,064	(69,237)	278,698
	<u>671,854</u>	<u>791,984</u>	<u>671,656</u>	<u>740,893</u>

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

	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Commercial Banks	670,220	790,450	670,022	739,359
Cash in Hand	1,634	1,534	1,634	1,534
	<u>671,854</u>	<u>791,984</u>	<u>671,656</u>	<u>740,893</u>

11 Trade payables and other current liabilities	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Corporation tax	207	312	192	298
Other taxes, soc security & pension costs	30,829	18,007	30,829	18,007
Other payables	174,487	41,981	174,472	41,981
Accruals and deferred income	218,450	347,272	218,445	345,724
	<u>423,973</u>	<u>407,572</u>	<u>423,938</u>	<u>406,010</u>

Trade payables and other Current Liabilities are broken down between balances with other Central Government Departments(CGDs), Other Government Departments(OGDs) and balances with bodies External to the Government(E to G) as follows:

	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Balances with other CGDs	27,862	16,515	27,862	16,514
Balances with OGDs	9,000	6,000	9,000	6,000
Balances with bodies E to G	387,111	385,057	387,076	383,496
	<u>423,973</u>	<u>407,572</u>	<u>423,938</u>	<u>406,010</u>

12 Provision for liabilities and charges

	Consolidated		Great Britain - China Centre	
	2017	2016	2017	2016
	£	£	£	£
Balance brought forward	3,000	3,000	3,000	3,000
Write back of Provision	(3,000)	-	(3,000)	-
Balance carried forward	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>

13 Operating lease commitments

Current and future lease commitments under non cancellable operating leases are given in the table below, analysed according to the period in which the expenditure relates.

	Consolidated		Great Britain - China Centre	
	Buildings	Buildings	Buildings	Buildings
	2017	2016	2017	2016
	£	£	£	£
Current Year	40,918	19,329	40,918	19,329
Within one year	31,355	11,209	31,355	11,209
Between one and five years	-	-	-	-
	<u>31,355</u>	<u>11,209</u>	<u>31,355</u>	<u>11,209</u>

**The Great Britain - China Centre (Limited by Guarantee)**  
**Consolidated Notes to the Accounts for the Year Ended 31 March 2017**

**14 Related party transactions**

The FCO is regarded as a related party. GBCC is an Executive Non Departmental Body (NDPB) and in 2016-17 received £500,000 GIA (2015-16 £250,000) from the FCO and 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 2016-17 no administration fees were processed through the UK China Forum as the company has ceased to be used for Political dialogues (in 2015-16 they amounted to £38,895) and GBCC had no recoverable expenses (2015-16 £10,493)

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 transactions for employee services with the APPCG for 2016-17 amounted to £801 ((2015-16 £680))

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 2016-17 amounted to £6445 (2015-16 £6445) There was also £145 of recoverable expenses. (2015-16 £24)

**15 Directors Interests**

There are no relevant director's interests.

**16 Financial instruments**

The financial assets of the GBCC include trade debtors, other receivables and cash, and these are recorded at their carrying value.

Appropriate provisions/write offs for estimated irrecoverable amounts are recognised in the statement of comprehensive expenditure where there is evidence that the asset is impaired.

Financial liabilities include trade creditors and accruals and these are valued on recognition.

The GBCC 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 for relatively small amounts.

**17 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.

**18 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. There are no events to report.

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

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