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# **The Great Britain China Centre**

## **Annual Report and Accounts 2017-18**

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# The Great Britain China Centre Annual Report and Accounts 2017-18

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

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Any enquiries regarding this publication should be sent to us at:  
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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**  
**as at 31 March 2018**

**Directors**

Sir Martin Davidson	- Chairman- appointed Chairman February 5, 2015
Sir Christopher Hum	- Vice Chairman-resigned October 12, 2017
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**

Ms Carma Elliot	- British Council, Appointed October 1, 2016
Mr Alex Pinfield	- FCO, Appointed April 27,2017

**Co-opted Members**

Mr Charles Haswell	- Appointed October 1, 2014
Mr Stephen Phillips	- Resigned April 27, 2017
Mr Matthew Rous	- Appointed October 12, 2017
Mr Neil Sampson	- Resigned August 11, 2017
Mr Rod Wye	- Appointed September 1, 2011

**COMPANY SECRETARY**

Mr Richard Pascoe	- Resigned September 15, 2017
Ms Merethe Borge Macleod	- Appointed September 15, 2017

**REGISTERED OFFICE**

Registered in London at  
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 2018. These accounts no longer include the results for the UK-China Forum because the Political Dialogues are now run through GBCC and no transactions are going through the Forum. 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. It is a Private Company limited by Guarantee without share capital. The Organisation is registered and domiciled in the United Kingdom. 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 £470,000 (2016-17 £500,000) from the Foreign and Commonwealth Office, the results for 2017-18 show an operating deficit of £77,195 (2016-17 a surplus of £107,510).

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 2018 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, resigned October 12, 2017.
Neil Sampson	Appointed December 1, 2014, resigned August 11, 2017.
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 3.82 (2016-17 2.40)

### **Audit Fee**

The Directors confirm that 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 £10,000 (2016-17 £9,000).



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

### **Creditors**

The average time taken to pay invoices in the current year was 28 days (2016-17, 21 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 58 days(2016-17 51days)

### **Data Loss**

There was one incident of a data breach to GBCC's email server during the reporting period, which was reported to the ICO.

### **Going Concern**

The FCO Grant In Aid has now been confirmed at £500,000 for the 2018-19 financial year which will cover 67% 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 2016 UK Corporate Governance 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 and management's methodology to address them. Management has assumed that an annual Viability Statement should cover a period of 3 years.

Further information on Going Concern is contained within the Governance Statement.

### **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 21 June 2018.

Sir Martin Davidson  
**Chairman**

Merethe Borge Macleod  
**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 works to strengthen the UK-China relationship by building trust and supporting dialogues between government, judiciary and policy making actors on key rule of law and reform issues.

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 universities to pilot and champion legal and judicial reform. 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 help 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 own reform agenda. Projects involve study tours to visit UK and European institutions, the despatching of experts to China to share best practice experience, joint workshops and training sessions. The Chinese partners design reform and policy 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 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 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.

As a result of GBCC's work over the last five years we have:

- Strengthened and expanded **trusted and sustainable relationships with key Chinese partners in the legal, judicial and academic sectors** in the interest of UK-China relations.
- Implemented projects resulting in **measurable progress in China's criminal justice system**, particularly in reducing the use of the death penalty and torture, setting up detention centres, lay visitor schemes and pilots for reducing pre-trial detention.
- played a central role establishing a **coordinated relationship between the UK and Chinese judiciaries**, including a new dialogue mechanism and a joint expert working group.
- created a **network of engaged British legal, judicial and academic experts** and representative bodies keen to participate in legal and judicial related reform in China.
- facilitated bespoke training for the Chinese judiciary on key legal reform issues such as insolvency law, people's assessor reform, and exclusion of illegal evidence.

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

- served as the UK's docking point for coordinating and developing the space for **civil and commercial legal reform in China**.
- convened high-level thematic seminars on reform topics such as anti-money laundering, corporate governance and the internationalisation of legal services .
- established the first and only **Centre for Common Law in China** in partnership with Renmin University Law School and Oxford University.
- **promoted the UK's legal system and services to China** to foster international trade and investment
- enabled deeper, **more informed engagement of senior and future generations of UK Parliamentarians** and leaders with their Chinese counterparts.
- served as a **consistent convenor of UK expertise for incoming Chinese policy-makers, legislators and political bodies** for a broad range of incoming visits of influential policy-making institutions, from the Central Party School, regional leaders, the judiciary, the CCDI and prosecutors.

During the reporting period, GBCC carried out the following activities with Chinese 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 policy-makers of both sides and building relationships for the future. The dialogues have become unique platforms for closed-door, informal and frank discussions, helping UK politicians to gain a deeper and more nuanced 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, 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). The initiatives are supported by corporate sponsors including BP and Prudential.

- The 7th Young Leaders Roundtable took place in London during 6-9th December 2017, as part of the Youth Strand of the P2P dialogue. The ACYF delegation was led by ACYF Vice President Wang Hongyan. A second, self-funded delegation consisting of 15 Young Entrepreneurs also joined the roundtable and GBCC put together a separate programme for them.
- Vice Premier Liu Yandong and Secretary of State Karen Bradley joined the opening session on 7th December and more substantive breakout sessions were held on the 8th, with a broad representation from the UK young MPs, Whitehall officials (from FCO, DIT), political advisers, academics and businesses.
- As an outcome of the P2P and 7th YLRT, GBCC and ACYF signed an MoU to deliver a two-week training programme in summer 2018.
- Preparations were made for the 10<sup>th</sup> anniversary Senior Leadership Forum to be headed by The Rt Hon David Lidington CBE MP, Minister for the Cabinet Office and Chancellor of Duchy of Lancaster, a Forum alumnus, and to take place in Beijing and Wuhan in April 2018.
- In addition to the annual set dialogues and roundtables, GBCC holds regular briefings and discussions with leading policy-makers, think-tanks and academics. Recent events include a high-level discussion with Minister and Executive Vice Director of the Central Policy Research Office (CPRO), Wang Xiaohui, and Briefing and Q&A with Chinese Ambassador Liu Xiaoming on outcome of the 19th CPC Party Congress.

### Judicial Dialogues

GBCC leads the way on coordinating UK judicial engagement with China, acting as the partner of choice for both the UK Supreme Court as well as the Chinese Supreme People's Court, guiding the development of increasing judicial cooperation between the UK and China. Central to this work is the **UK-China Judicial Roundtable**, which brings together senior judges from both countries to develop better understanding of each other's systems, sharing experience and best practice.

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

- Following on from the 2016 Roundtable in Beijing, at which the then-President of the UK Supreme Court Lord Neuberger met his counterpart, Chief Justice Zhou Qiang, 2017 saw the 4<sup>th</sup> UK-China Judicial Roundtable held at the Supreme Court in London, with Environmental Protection chosen as the specific topic for discussion.
- A direct result of this regular cooperation between the two countries' Supreme Courts has been the establishment of a **Joint Judicial Expert Working Group** set up between the Royal Courts of Justice and the Chinese Supreme People's Court. This annual meeting of senior judges focuses on bilateral judicial cooperation in the area of commercial dispute resolution, with the second meeting of the Working Group having taken place in January 2018.
- GBCC also works with the Supreme People's Court and local courts in China to strengthen the professionalism and independence of judges, as well as assisting in the development of **China's "people's assessor" system**. Similar to a mix of the jury and magistrate systems present in the UK, the people's assessor system is a key part of China's courts. GBCC's long-term cooperation with the Supreme People's Court and strong links with UK-based legal and judicial experts mean it is well placed to provide UK best practice and experience in this area, with GBCC hosting a delegation from the Supreme People's Court in November 2017.

### Criminal Justice Reform

GBCC continues to work to support domestic initiatives for a more effective criminal justice system in China. GBCC's approach aims to respond to areas of international human rights relevance and Chinese policy priorities by partnering with influential academic 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.

- In the past financial year, GBCC ran several one-year and multi-year projects focused on preventing torture and ill-treatment. These projects were funded by the FCO, the European Union through the European Initiative for Democracy and Human Rights (EIDHR) as well as other European countries.
- GBCC projects focusing on the reduction of pre-trial detention rates through the introduction of a new bail hearing procedure, as a form of open examination of arrest applications, and a judicial review procedure have both yielded significant results. These new procedures, together with increased coordination of police and prosecutors and the promotion of alternatives to detention have seen a reduction of pre-trial detention rates of around 4-10% in pilot locations and 3% nation-wide.
- Another GBCC project focusing on procedural guarantees during police custody is currently in pilot implementation stage. The mid-term evaluation considered the project's relevance of international importance and provided positive results in all five OECD/DAC evaluation criteria of Relevance, Effectiveness, Efficiency, Impact and Sustainability.

### Rule of Law

Since 2014, GBCC has been undertaking prosperity funded work to strengthen the role and capability of China's legal system to support improvements to the business environment, enabling fairer market access and advancing economic reform to support China's prosperity. GBCC has spearheaded this initiative in close partnership with the British Embassy in Beijing, to support preparations for an effective rule of law for business multiyear prosperity fund that may be established in 2018.

This work builds on the past initiatives undertaken by GBCC on legal and judicial reform in China and brought together existing initiatives in a strategic way to support the UK's engagement with China in legal affairs. China's Fourth Plenum Decision to "Vigorously participate in the formulation of international norms, promote the handling of foreign-related economic and social affairs according to the law, strengthen our country's discourse power and influence in international legal affairs, use legal methods to safeguard our country's

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

sovereignty, security, and development interests” highlighted the need for informed engagement with China. As China becomes increasingly legalistic, GBCC is working to ensure key principles of rule of law, including transparency, equality, certainty and accessibility are integrated.

During the period 2014 – 2017, GBCC established China’s first common law research institute, the Centre for Common Law, as part of a collaborative joint venture with the University of Oxford and Renmin University of China Law School, where it is hosted. GBCC also signed a partnership MOU with the China Law Society, the Party’s cross-legal umbrella organisation to undertake an annual roundtable and mutual exchanges to strengthen the UK-China legal reform agenda. In 2016-17, GBCC was commissioned by the British Embassy Beijing to undertake a scoping exercise for a future multiyear rule of law for prosperity programme. The process included developing a theory of change and logical frameworks that identified the key UK, Chinese and international stakeholders across government, business and the legal and judicial sectors, the key policy areas most ripe for reform, and the most effective approach to achieve sustainable impact.

- In response to the outcomes of this work, which included the need to build on existing initiatives both understood and valued by UK and Chinese partners to achieve greater results, the Embassy commissioned GBCC through a single sourced tender for a ‘Transitional Year’ project in 2017-18. This was in order to further strengthen existing relationships and build new ones to develop a framework for informed and effective engagement for the rule of law for business agenda.
- GBCC developed a project that would focus on building more effective relationships with key Chinese policy and law makers, and facilitate UK and Chinese judicial exchanges to lay the groundwork for high impact rule of law for business work, and push forward current agenda issues.
- Through this project, GBCC undertook activities with the National People’s Congress Standing Committee Legislative Affairs Commission, the State Council Legislative Affairs Office, the Supreme People’s Court, the Centre for Common Law and the China Law Society. In partnership with these institutions, GBCC and UK legal and judicial partners worked on cross-cutting policy areas including foreign investment legal reform, commercial dispute resolution, rule of law in the digital era, judicial reform, anti-corruption and corporate governance and common law on the Belt and Road.
- Over the course of the six-month project, GBCC worked with over 150 leading academics, policy-makers and lawyers and judges from the UK and China. Project activities produced a range of recommendations across the cross-cutting issues for legal and policy reform in China, and identified future areas of cooperation. These have been shared widely with influential interlocutors. In the judicial field, GBCC facilitated the Joint Judicial Expert Working Group on Commercial Dispute Resolution which provides a high-level platform for exchange at a key moment in China’s policy towards international legal norms and engagement.

### GBCC Future Priorities

In January 2018 the GBCC Board approved a new five-year strategy for 2018-2023. The planned impact of the strategy is **Strengthened UK-China partnerships to advance rule of law and political dialogue**, with three outcomes:

1. **UK and Chinese political and policy-making actors are engaged in a robust and progressive relationship.**
2. **Partnerships and shared best practice in support of China’s legal and judicial reform for a fair, transparent and accessible legal system across criminal, civil and commercial law.**
3. **UK and Chinese cooperation to strengthen the Rules-based International System that underpins international trade and respect for human rights.**

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The strategy, outlined in detail below, is accompanied by a Strategic Results Framework with outcome indicators. This framework will be developed during 2018-2019, and a more comprehensive impact practice implemented across the organisation. This will facilitate enhanced reporting on impact as progress is measured against key indicators, on both project and the organisational levels.

### **1. UK and Chinese political and policy-making actors are engaged in a robust and progressive relationship**

As the UK's relationship with China evolves to represent the complexity of a modern partnership for the 21st Century with the world's second largest economy, it is essential UK and Chinese politicians and policy-makers are well equipped to engage across the full breadth of issues. This requires deeper and more sustained engagement by a greater range of individuals.

Over the past 10 years, GBCC has convened a series of dialogues and exchanges between politicians and officials, both senior decision-makers and leaders of the future. The UK-China Leadership Forum and the Young Leaders Roundtable provide non-state, non-partisan platforms for political leaders to engage in substantive discussions on political and socio-economic issues of the day, and to build lasting professional relationships.

We have built up a network of over 200 alumni in the UK and China, many of whom are in senior government and policy-making roles. The dialogues increase access and influence for the UK to high-level party-state actors in China, and secure political buy-in to support long-term cooperation and create new policy discussions.

We will continue to invest in our political and economic dialogues, starting from an upgrade of the 10th UK-China Leadership Forum in 2018 to expand high-level engagements with the new Chinese leadership, including with the International Department of the Communist Party of China (IDCPC) and the All-China Youth Federation (ACYF). We will significantly increase the level of corporate sponsorship in order to scale up the activities for more impactful, regularly structured engagements that bring together current and future generations of leadership.

### **2. Partnerships and shared best practice in support of China's legal and judicial reform for a fair, transparent and accessible legal system across criminal, civil and commercial law**

China's current legal and judicial system has rapidly modernised since the reforms of the 1980s. Accession to the WTO in 2001 resulted in significant improvements to civil and commercial law but this has not kept pace with the increasingly complex needs of the world's second largest economy. There has been less progress in criminal justice reform which lags well behind international standards.

Since the 4th Plenum of the 18th Party Congress, the Party has made the integration of a law-based governance policy into the Party-State political system a key priority. They aim to achieve fairer, more efficient access to justice and facilitate domestic economic reform whilst retaining complete political control.

Continued support to improvements to the criminal justice system is essential both to the UK in demonstrating global leadership but to also unlock sustainable economic reform. Perceptions of corruption, risks associated with a criminal justice system with a 99% conviction rate, and a frequently opaque and inconsistent regulatory and enforcement regime serve as a deterrent to foreign direct investment. More recently the complex relationship between law, policy-making and sustainable economic growth has grown in importance within Chinese political debate.

GBCC has been implementing legal reform projects in close cooperation with key academic and justice sector practitioners in China since the 1990s, enabling us to build up the trust, partnerships and reputation necessary for effective, reform-oriented engagement. We have also established the first mechanism for exchange between the UK and China's judiciaries in support of progress on commercial legal issues and core judicial reform. GBCC is the only UK organisation working across the full spectrum of civil and commercial legal and



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judicial issues, and is thus well placed to take on a more pronounced role in delivering key outcomes that are of interest to both China and the UK, both under the Prosperity Fund and other initiatives. Examples of shared challenges include the use of big data, the development of Artificial Intelligence, the provision of legal aid, and limited judicial resources.

### 3. UK and Chinese cooperation to strengthen the Rules-based International System that underpins international trade and respect for human rights

China has articulated a more assertive role in the international community, launching the Belt and Road Initiative, and new multilateral institutions such as the Asian Infrastructure Investment Bank. It is in the UK's wider interest that China supports the Rules-based International System which, amongst other issues, underpins international trade and investment, respect for human rights, gender equality, and poverty alleviation. UK-China cooperation on the Sustainable Development Goals, particularly SDG 16 on good governance, global institutions and rule of law, is another important aspect to support the adoption of international standards.

The UK's legal traditions are a powerful source of soft power that provides normative impact on the international stage and brings commercial benefit to the UK. As China goes global, there is a valuable opportunity for standard setting and legal cooperation between the UK and China, given the predominance of English law for international commerce, the use of highly specialised world-renowned English legal services, and the UK as a global leader in commercial dispute resolution courts and arbitration, all of which will be increasingly relevant especially in third countries along the Belt and Road and elsewhere.

GBCC's strong network of legal, judicial and academic partners in the UK and China, enables us to play a convening role as interest in this space increases. The Centre for Common Law, a joint initiative between Renmin University Law School in Beijing, GBCC and the University of Oxford is one such platform for expertise. The landmark initiatives GBCC has developed between the UK and Chinese judiciaries, such as the expert working group on commercial dispute resolution and the annual rule of law roundtable with the China Law Society, are influential mechanisms that feeds into this process.

It is recognised that the successful achievement of the strategic outcomes outlined above will require investment in GBCC's organisational capacity to deliver greater impact including:

- **Increase GBCC visibility and profile in the UK and Europe:** Clear articulation of GBCC's technical expertise and access to influential networks and institutions in China in order to work with a broader group of stakeholders.
- **Diversify and increase funding streams** (GIA, Prosperity Fund and Magna Carta, EU and bilateral European funding and corporate sponsorship). GBCC will consider increasing its staffing capacity in this regard, whether through a full-time position or through external specialist expertise.
- **Building stronger staff capacities.** GBCC's staffing structure is currently strong on project management and event organisation; on leveraging large networks of legal professionals, academics, and politicians on both sides. GBCC needs to increase its technical skills in a number of areas including policy mapping and influencing, quality assurance and impact assessment. GBCC needs to better capture relevant implications and follow-up actions from its engagements, and must consider enhanced staffing in this regard. As GBCC's scope increases, there will also be a need for more streamlined back-office functions.
- **Establishing a presence in China** will be even more imperative as the organisation seeks to scale up. In the short term, the delivery requirements of the prosperity fund will be a major driver. The potential impact of the INGO law will need to be factored in and may influence a GBCC presence in China.

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

the 2016 UK Corporate Governance Code, the Board has assessed the forward strategy of GBCC for the next five years (2018-2023). 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.

Although funding is the main risk to GBCC's operation, the continued support from the FCO through an increased Grant in Aid (GIA), the growing importance to the UK of the work the GBCC is undertaking, as well as the GBCC's unique position in facilitating dialogue and partnerships with the Chinese establishment, assures the Board that GBCC has sufficient support and relevance to continue its operation over the next five years. Increased efforts to raise funds from a variety of commercial and governmental sources, as well as improved impact assessment practices, further add to the organisation's resilience and flexibility.

GBCC's GIA has been confirmed at £500,000 for 2018-19 as well as 2019-2020, a 6.4% increase on last year's £470,000, and a return to the level of funding in 2016-2017. The GIA is provided by the FCO to enable GBCC to deliver important priorities such as the Annual Judicial Roundtable, and to be in a position to continue to deliver the Political Dialogues, to support key initiatives such as the Judicial Expert Working Group and the Common Law Centre, and the emerging relationship with the National People's Congress and State Council Legislative Affairs Office. The FCO also asks GBCC to support it on additional engagements throughout the year.

In addition to the grant-in-aid, GBCC also raises programme funds from other sources, such as FCO specific funds such as the Magna Carta and Transitional Prosperity Fund and the EU, bilateral donors like the Dutch government and corporate sponsorship. Corporate Sponsorship for the political dialogues was received from BP and Prudential in 2017-18 at a level of £85,000 and a major sponsorship drive to secure additional higher level sponsorship with a longer-term commitment is underway.

GBCC's €850,000 Dutch Embassy funded project on reducing the use of torture in the criminal justice system ended in December 2017, but feedback from the donor is highly positive and they have invited GBCC to submit a follow-up bid of similar size to begin implementation in Q2 or Q3 in 2018-2019. GBCC is in dialogue about potential criminal justice projects with a number of other bilateral donors in Beijing, such as the French, German and Swiss Embassies.

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 the five-year period of the strategy provided that government policy towards China does not undergo major change, and that China itself remains on its current development trajectory.

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

Sir Martin Davidson  
**Chairman**

Merethe Borge Macleod  
**Executive Director, Accounting Officer and Company Secretary**

June 21, 2018



**The Great Britain - China Centre (Limited by Guarantee)  
Remuneration Report for the year ended 31 March 2018**

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 , was employed on a fixed term contract up to September 15 , 2017 and was replaced by Merethe Borge MacLeod who commenced employment on September 4, 2017.

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 Current and prior Executive Director's remuneration details are given below. Richard Pascoe has waived his right to a pension from GBCC. Merethe Borge Macleod has joined the Companies Pension Scheme with Standard Life and makes a 6% personal contribution while GBCC makes a 6% Employers Contribution. These figures have been subject to Audit:

	2018		2017	
	M B Macleod £	R Pascoe £	M B Macleod £	R Pascoe £
Actual Salary paid in year	55,040	46,756	-	90,784
Gross salary on full time equivalent basis	[95,000]	[90,783]	-	[90,784]
Employer contributions	3,302	-	-	-

No performance- related award was paid in 2017-18 (2016-17 £10,080) in respect of 2016-17 performance and is not included in gross salary.

The Government Financial Reporting Manual now requires disclosure of the ratio between the median remuneration of GBCC's staff at year end and the remuneration of the highest paid director .The highest paid Director 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 2018 on an annualised basis and includes any temporary staff employed during the year.

	2018 £	2017 £
Median total of Employees (exc director)-remuneration	27,000	28,339
Pay multiple at 31 March	3.5	3.6

The Pay multiple has been calculated using the ratio of the median total of employees remuneration(exc Director) to the actual gross salary on a full time equivalent basis of the highest paid Director.

The pay multiple has decreased because the median salary has decreased during the current financial year.  
Pay ranges from £5,000 to £95,000(2016-17 £4,000- £91,000)

The notes on pages 27-32 form part of these accounts

Sir Martin Davidson  
**Chairman**

Merethe Borge Macleod  
**Executive Director, Company Secretary and Accounting Officer**

Date 21-Jun-18

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

### 1. Board Membership

As at the end of March 2018 GBCC's Board of Directors had 13 members, including 10 directors and three co-opted members.

### 2. Executive Director

The Board was delighted to appoint Merethe Borge Macleod as Executive Director in place of Richard Pascoe who retired from his position in September 2017. The Board wishes to record its appreciation of all that Richard has achieved as Director of GBCC and to welcome warmly Merethe in his place.

### 3. 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 FCO. The continued close relationship between the UK and China, often referred to as the "Golden Era", and high-level bilateral interactions including the Prime Minister's state visit to China in January 2018 provided a constructive and positive environment for cooperation in GBCC's fields of work.

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/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 oversaw the development of a business continuity plan.

The Personnel and Appointments Committee supported and advised the ED on people management, approved the annual performance appraisals of senior management (ED and DD), reviewed the relevance and appropriateness of staff remuneration and performance related pay increases and bonuses.

The Strategy and Corporate Relations Committee advised on the development of a fundraising strategy, and contributed knowledge and experience of fundraising including identification of potential sponsors.

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.

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.
- 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 accounts. During 2017-18 the number of Board and Committee meetings with individual attendance was as follows:

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

Director	Board(4)		Audit and Risk Assurance Committee(4)		Personnel Committee (2)		Strategy & Corp Relations (3)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
L Byrne MP	4	0						
M Davidson	4	4			2	2	3	3
C Fitzgibbon	4	3	4	3				
R.Graham MP	4	4						
J Hughes					2	2		
C Hum	2	2	3	2				
A Black	4	4	4	3			3	3
W Godwin	4	2					3	3
R Jackson	4	4	4	4	2	2	3	3
J Howell	4	2						
C Elliot	4	4						
A Pinfield	4	2						
<b>Co-Opted:</b>								
R Wye	4	3						
S Phillips	1	1						
M Rous	2	1						
C Haswell	4	3						
N Sampson	2	0	2	0				
<b>Totals</b>	<b>55</b>	<b>39</b>	<b>17</b>	<b>12</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>12</b>
<b>Percentage</b>		<b>71%</b>		<b>71%</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 conducted an effectiveness review in 2017-18. The Board considered the report at its meeting in April and accepted the recommendations of the report. These were to formalise a subcommittee structure comprising the Audit and Risk Committee; the Strategy and Commercial Relationship Committee and the People and Administration Committee. The Board also confirmed its earlier decision to establish an ad hoc Nominations sub-committee to handle a new round of Board recruitment to replace members whose terms of office are close to expiry. In addition, the Board agreed to establish a clearer annual timetable for key issues coming to the board and put in place a better link between strategy and budget discussions and to ensure Board members had greater opportunities to participate in GBCC activities.

#### **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 updated and reviewed at each meeting of the Audit and Risk Assurance Committee and at each Board meeting.

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

### **Financial risks**

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.

### **GBCC delivery role in respect of the Prosperity Fund**

The Cross Government Prosperity Fund, and in particular the China Rule of Law for Business Programme (RoLB) is hugely relevant to GBCC's work, and offers an opportunity for significant long-term engagement with key Chinese partners to advance the rule of law in China and improve the business environment for both Chinese and UK companies. The funding level is relatively large, up to £28 million, hence GBCC's reliance on securing a delivery role. Given that GBCC is running a deficit in order to increase the chances of a future role for GBCC, the Board was closely involved in the programme developments and GBCC's strategic decisions.

The procurement framework methodology to be deployed by HMG for the multi-year China RoLB excludes small niche organisations of our size leading a bid. The FCO will contract the implementation to global framework suppliers, which means that GBCC is reliant on working as a sub-contractor to such a supplier organisation as part of a consortium. In the worse-case scenario, GBCC could be excluded from delivery, while much of GBCC's existing core business could end up being outsourced to a competitor organisation or consortium. HMG would thereby lose the advantage of leveraging the relationship-building power of its arms-length body at the highest levels within the legal and judicial organs of China.

In July 2017, GBCC sought to manage its procurement risk by recommending to ministers that they recognise the unique advantage the UK enjoys in its relationship with China in the area of the rule of law through the partnership between GBCC, the Law Society of England and Wales, the Bar Council of England and Wales and the China Britain Business Council. A joint letter highlighted the risk of the planned procurement approach potentially excluding and undermining the work of the UK's four specialist representative bodies that have been undertaking work in the rule of Law for Business field for the past four decades and have contributed substantially to the building of UK-China relations. The letter suggested a guaranteed role for the four organisations by requiring the winning service provider to involve the four existing organisations. Subsequent to ministers' reply to this joint letter, which left all possibilities open, the four organisations are staying in close touch on RoLB procurement and bidding developments, and have agreed on an MOU that ensures that all four organisations will go into consortia as a group.

Although the number of framework suppliers that will bid for the RoLB programme are unclear, GBCC and its partners are in touch with some who are actively asking us to go into bidding consortia with them. GBCC continues to treat all bidders equally when approached to form consortia, as we currently must in order to maintain the unique partnership for the UK. Our MOU partnerships with CBBC, the Bar Council and the Law Society is being viewed positively. We also have positive relationships with the other TY project implementers.

GBCC's efforts to develop its own capacity and expertise to respond to the multi-year call, as well as to nurture constructive bilateral engagement and partnerships, continued in 2017-2018. Following the scoping exercise to map out the potential for an ambitious Rule of Law for Business programme under the Prosperity Fund undertaken in 2016-2017, GBCC implemented a transitional year programme in 2017-2018 with five key Chinese partners. This programme enabled GBCC to undertake both exploratory and in-depth activities that strengthened key relationships with Chinese partners, and furthered engagement on key strands of the proposed Rule of Law for Business programme, supporting the British Embassy's strategic design of the programme.

These interventions in preparation for the large multi-year programme have raised expectations for engagement with partners in China, with appetite for cooperation significantly heightened and also to some extent in the UK, hence there is a related risk in the event that GBCC/HMG is unable to deliver on those

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

expectations. GBCC submitted a concept note for Transitional Year 2 project for the amount of £370,000 - £500,000 to bridge the gap between TY1 funding and the Multiyear fund roll out, and to make sure that relationships and initial stages of reform activities are actively continued.

### Brexit/EU funding

The Board continued to consider the impact on GBCC from Brexit. 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). GBCC currently 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, with possibility to extend until March 2019.

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. While China is currently considered an upper middle income country, able to receive funding under Official Development Assistance (ODA), the EU is restructuring its financing instruments with a view of having new instruments in place by 2020. This is likely to lead to delays and further uncertainty for GBCC as a bidder. A related risk from Brexit is the impact on retaining and recruiting staff talent – e.g. our Senior Project Manager is from Spain. GBCC has also benefitted from being able to recruit key multilingual expert staff from EU countries without the need for visa formalities.

GBCC continues to stay in close touch with the EU Delegation in Beijing in order to monitor the risk to GBCC from Brexit, and we plan to apply for EU bids as in the past. We are initiating conversations with the European External Action Service (EEAS) to ensure future financing instruments do not exclude GBCC, either on the basis of nationality and or the topics funded.

We are also looking at expanding beyond EU funding, and exploring bilateral funding from countries such as Germany, France and Switzerland, on a similar basis as the funding from the Dutch Embassy in Beijing. As no other European country has an organisation like GBCC, and given the difficulty in operating on the ground in China after the INGO law, GBCC could more explicitly market itself as a delivery organisation. The Nordic countries have their own more human rights-focused implementing organisations, with varying records of implementation in the current climate, and we are looking at implementation partnerships, bearing in mind the possibility of political risks this may entail.

### Budget overspend

This risk has increased because of GBCC's need to maintain staffing levels for the multi-year ROLB programme, and to guard against the potential risks associated with Brexit, requiring extensive bidding and consortium-building work. There is also a risk that commercially sponsored programmes like the Leadership programme run over budget or that sponsors drop out.

On sponsorships, GBCC secured a total income of £85,000 from sponsorship in 2017-18, £55,000 less than budgeted. However because the UK China Forum was delayed to April 2018 only £35,000 income appeared in the accounts. GBCC set a budget for £150,000 for 2018-2019. The management has started discussions with potential sponsors for 2018-19 programme of activities.

GBCC normally budgets conservatively including only contracted revenue. Spending profiles are monitored so that likely overspends are detected in time for corrective action. For 2017-18 the GBCC Board took a decision to draw on £180,000 of reserves to retain capacity for the major Programme anticipated for 2018-21, following

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

the adoption by the Board of a new reserves policy. The actual deficit ended up as £77,195, after including GIA funding, and for 2018-2019 the Board took the decision to approve another deficit at £75,097, conditional on an ambitious fundraising and sponsorship drive.

### **Political risks**

Another major risk remains the political risk associated with the GBCC's 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. The Board continued to consider the possible impact on the GBCC's operations of the law governing the operation of international NGOs which came into force on 1st January 2017.

In the period since the INGO law was passed, GBCC has not been asked to register as an NGO, and to our knowledge our partners have not experienced difficulties implementing projects with us. It seems clear that GBCC is not viewed as an NGO, but we continue to monitor this. Programmatically GBCC is not directly affected by the INGO law, although the decreasing number of foreign organisations working in the rule of law field impacts us indirectly: There are fewer opportunities to share experiences, and it might lead Chinese partners to re-focus on other topics/partnerships in the long run.

Overall the standing of the GBCC 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. GBCC's operating model is to design 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 partners with integrity and strong track records of success.

GBCC's lack of a legal status in China however impacts on the decision of whether or not to establish a presence or recruit staff in China. We are still looking to the eventual delivery structure of the ROLB programme for a possible GBCC presence.

### **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. As I took over as Executive Director on September 4, 2017 and became Company secretary on the 15 September, I confirm that the system of control has been in place at GBCC throughout the financial year ended March 31, 2018 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:

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

- 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.
- 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, reviewed GBCC's Business Continuity Plan, rating the overall risk management strength of the Plan as 'Substantial', the highest rating possible.

In preparation for the General Data Protection Regulations (GDPR) coming into effect on 25<sup>th</sup> May 2018, GBCC has reviewed its data handling procedures and is working closely with the FCO to ensure all personal data is processed in accordance with GDPR. GBCC takes a risk-based approach to compliance with GDPR, and endeavours to ensure that all personal data is accurate, secure and relevant to the work of GBCC.

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 2016 UK Corporate Governance Code 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.

GBCC experienced a largescale cyber-attack in December 2017 which resulted in the content of GBCC emails being downloaded. GBCC reported this to the FCO and National Cyber Security Centre (NCSC) who are investigating. GBCC worked closely with their IT supplier to implement immediate measures to secure the system and long-term upgrades to protect against similar attacks in the future. GBCC also reported the incident to the ICO, and is answering follow-up questions from the case officer at the ICO.

Sir Martin Davidson  
**Chairman**

Merethe Borge Macleod  
**Executive Director, Company Secretary and Accounting Officer**

Date: June 21, 2018



## **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 (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*. 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 Accounting Officer confirms 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 annual report and accounts as a whole is fair, balanced and understandable and they have taken personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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 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 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Financial Reporting Standards as adopted by the European Union. 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 2018 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 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 of Opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2016. I am independent of the Great Britain China Centre in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of the Accounting Officer and Directors for the financial statements**

As explained more fully in the Statement of the Accounting Officer's and Directors' Responsibilities, the Accounting Officer and 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, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**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.

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. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Great Britain China Centre's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Great Britain China Centre's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation,.

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.

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

**Other Information**

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

Management is responsible for other information. The other information comprises information included in the financial report, other than the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and 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, 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**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Director's Report; and
- 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.

**Matters on 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 or returns adequate for my audit have not been received from branches not visited by my staff; 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**

**Comptroller and Audit General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

26 June 2018

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Comprehensive Net Expenditure for the Period Ended 31 March 2018**

	Notes	2018	2017
		£	£
<b>Income</b>			
Revenue from activities	2	603,063	1,230,659
Exchange Gain/(Loss)		9,635	8,092
Other revenue	3	1,697	3,005
		<hr/>	<hr/>
		614,395	1,241,756
<b>Expenditure</b>			
Cost of activities	2	(648,596)	(1,280,997)
Administration expenses	4	(513,470)	(354,018)
		<hr/>	<hr/>
		(1,162,066)	(1,635,015)
<b>Net Expenditure</b>			
		(547,671)	(393,259)
Taxation on interest received	6	(119)	(192)
Interest receivable		595	961
		<hr/>	<hr/>
<b>Net Expenditure after Taxation and Interest</b>		<b>(547,195)</b>	<b>(392,490)</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 27-32 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Financial Position as at 31 March 2018**

	Notes	2018	2017
		£	£
<b>Non-current assets</b>			
Property, plant and equipment	7	4,734	6,705
Intangible assets	8	<u>343</u>	<u>664</u>
		5,077	7,369
<b>Current assets</b>			
Trade receivables and other current assets	9	212,239	271,953
Cash and cash equivalents	10	<u>578,127</u>	<u>671,656</u>
		790,366	943,609
Total Assets		795,443	950,978
<b>Current liabilities</b>			
Trade payables and other current liabilities	11	(345,598)	(423,938)
<b>Total assets less current liabilities</b>		<u>449,845</u>	<u>527,040</u>
Provision for liabilities and charges	12	-	-
<b>Total assets less liabilities</b>		<u>449,845</u>	<u>527,040</u>
<b>Statement of changes in taxpayer's equity</b>			
General Reserves		<u>449,845</u>	<u>527,040</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 21 June 2018

Sir Martin Davidson  
**Chairman**

Merethe Borge Macleod  
**Executive Director, Company Secretary and Accounting Officer**

The notes on pages 27 to 32 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Cash Flows for the period ended 31 March 2018**

Statement of Cash flows	Notes	Great Britain - China Centre	
		2018	2017
		£	£
Cash Flows from operating activities			
Net Expenditure for the year before interest and taxation		(547,671)	(393,259)
Adjustments for:			
Depreciation and amortisation	7 & 8	2,273	2,943
Loss on Disposal of Assets	7 & 8	20	-
Provision		-	(3,000)
(Increase)/decrease in trade receivables and other current assets	9	59,713	(189,360)
Increase/(decrease) in trade payables and other current liabilities	11	(78,340)	17,928
Net cash outflow from operating activities		<u>(564,005)</u>	<u>(564,748)</u>
Cash flows from investing activities			
Net Interest		476	769
Purchase of non current assets and intangible assets	7 & 8	-	(5,258)
Net Cash Inflow from Investing Activities		<u>476</u>	<u>(4,489)</u>
Cash flows from financing activities			
Grants from FCO		<u>470,000</u>	<u>500,000</u>
Net Financing		<u>470,000</u>	<u>500,000</u>
Net (Decrease) in cash and cash equivalents		<u>(93,529)</u>	<u>(69,237)</u>
Cash and cash equivalents at the beginning of period	10	671,656	740,893
Cash and cash equivalents at the end of period	10	<u>578,127</u>	<u>671,656</u>

The notes on pages 27 to 32 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Changes in Taxpayers' Equity for the Period Ended 31 March 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balance at 1 April 2016 & 2017	527,040	419,530
Statement of Comprehensive Net expenditure	(547,195)	(392,490)
Grant in aid received	470,000	500,000
Balance at 31 March 2017 & 2018	<u>449,845</u>	<u>527,040</u>

The notes on pages 27 to 32 form part of these accounts

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2018**

**1 Basis of preparation**

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 do not consolidate the results of the subsidiary as no significant transactions went through the company.

**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 Comprehensive Net Expenditure as they become payable in accordance with the rules of the scheme. The PCSPS scheme also has defined benefits. 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 Comprehensive net expenditure as they become payable in the same way as the PCSPS scheme.

**Accounting Estimates and Judgements**

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amount reported for revenue and expenses during the year. The most complex judgements relate to Project costs for multiyear activities. Only the EU Torture Project fits within this category. In the current 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)**  
**Notes to the Financial Statements for the Year Ended 31 March 2018**

Future Accounting Standards

There are 3 accounting standards that have been issued but are not yet effective.

These are: IFRS 9 Financial Instruments and IFRS 15:Revenue from Contracts with Customers, which becomes effective for annual periods beginning on or after 1 January 2018 and IFRS 16:Leases, which becomes effective for accounting periods beginning after 1 January 2019.

IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. GBCC will need to assess their business model for holding financial assets. This should be relatively simple as our financial assets are limited to trade receivables and bank deposits that are clearly held to collect contractual cash flows. This standard will come into use by GBCC for 2018-19 although there should be no noticeable difference to prior years.

IFRS 15 Revenue from Contracts with Customers, may have a significant effect on the financial statements of some companies as the amount of revenue and contract costs or the timing of their recognition may differ significantly from current practice. This standard will also be in use by GBCC for 2018-19 although because GBCC generates revenue in line with expenditure incurred there is unlikely to be any noticeable change.

IFRS 16 Leases mean that GBCC will need to recognise a right of use asset and a lease liability on the Face of the Statement of Financial Position. Currently only expenditure that is expensed in the year is recognised in the accounts. If relevant this standard will come into effect in 2019-20. However there are no lease contracts beyond January 2019 and so there are unlikely to be any material balances in the Statement of Financial Position.

2 Analysis of activities	Notes	2018	2018	2018
		Income	Expenditure	Net
		£	£	£
Political Dialogue		35,000	37,146	(2,146)
Rule of Law-Transitional Project		155,894	155,894	-
P-China Law Society		-	-	-
P-Developing Common Law		-	-	-
Scoping Exercise		-	-	-
MC-New detention Project		97,714	97,714	-
3rd Judicial Roundtable		-	-	-
4th Judicial Roundtable		-	16,982	(16,982)
EU Torture 2016-18		54,012	54,012	-
EU Torture Cofunding		-	-	-
LCJ China Visit		-	22,467	(22,467)
EU CCLS Death Penalty		-	-	-
Dutch Embassy Project		184,507	179,665	4,842
Strategic Development Visits		-	9,771	(9,771)
SPC Peoples Assessor Project		69,491	69,491	-
Judicial Training		-	(560)	560
Project Development		-	6,014	(6,014)
Management fees		6,445	-	6,445
		<u>603,063</u>	<u>648,596</u>	<u>(45,533)</u>

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

	2018	2018	2018
	£	£	£
EU	54,012	54,012	-
Non EU	<u>549,051</u>	<u>594,584</u>	<u>(45,533)</u>
	<u>603,063</u>	<u>648,596</u>	<u>(45,533)</u>

Analysis of activities	2017	2017	2017
	Income	Expenditure	Net
	£	£	£
Political Dialogue	50,000	51,639	(1,639)
Rule of Law-Transitional Project	-	-	-
P-China Law Society	62,380	62,380	-
P-Developing Common Law	165,532	165,532	-
Scoping Exercise	382,619	382,619	-
MC-New detention Project	248,432	248,432	-
3rd Judicial Roundtable	-	33,844	(33,844)
4th Judicial Roundtable	-	-	-
EU Torture 2016-18	123,512	123,885	(373)
EU Torture Cofunding	9,542	9,542	-
LCJ China Visit	-	-	-
EU CCLS Death Penalty	2,745	2,745	-
Dutch Embassy Project	152,150	152,150	-
Strategic Development Visits	-	-	-
SPC Peoples Assessor Project	26,501	26,501	-
Judicial Training	-	17,118	(17,118)
Project Development	-	4,610	(4,610)
Management fees	7,246	-	7,246
	<u>1,230,659</u>	<u>1,280,997</u>	<u>(50,338)</u>

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2018**

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

	2017 £	2017 £	2017 £
EU	135,799	136,172	(373)
Non EU	1,094,860	1,144,825	(49,965)
	<u>1,230,659</u>	<u>1,280,997</u>	<u>(50,338)</u>

<b>3 Other revenue</b>	<b>2018 £</b>	<b>2017 £</b>
Miscellaneous	1,697	3,005
	<u>1,697</u>	<u>3,005</u>

<b>4 Administration expenses</b>	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
Running costs		81,266	125,819
Rent and service charges		80,604	73,534
Auditors' remuneration		10,000	9000
Depreciation & amortisation	7 & 8	2,273	2,943
Disposal of Assets		20	-
Staff Costs	5	504,073	548,420
Salary Recovery		(131,618)	(332,884)
Overhead Recovery		(33,148)	(72,814)
		<u>513,470</u>	<u>354,018</u>

The audit fee for the current year is £10,000 (2016-17 £9,000) and no non audit work has been carried out.

**5 Payroll Costs**

Staff costs are shown below:

<b>Permanent Staff costs</b>	<b>2018 £</b>	<b>2017 £</b>
Wages and salaries	320,704	323,094
Social security costs	33,667	34,890
Other pension costs PCPS(Contribution 20.9%-22.1%)	20,959	20,407
Other pension costs Standard Life (Contribution 6%)	11,839	5,568
Employee Benefit Accruals	(14,000)	5,589
	<u>373,169</u>	<u>389,548</u>

<b>Contract Staff</b>	<b>2018 £</b>	<b>2017 £</b>
Wages and salaries	116,700	135,005
Social security costs	9,976	11,579
Other pension costs PCPS(Contribution 20.9%-22.1%)	-	-
Other pension costs Standard Life (Contribution 6%)	6,501	9,451
Employee Benefit Accruals	(2,273)	2,837
	<u>130,904</u>	<u>158,872</u>

<b>Total Payroll Costs</b>	<b>2018 £</b>	<b>2017 £</b>
Wages and salaries	437,404	458,099
Social security costs	43,643	46,469
Other pension costs PCPS(Contribution 20.9%-22.1%)	20,959	20,407
Other pension costs Standard Life (Contribution 6%)	18,340	15,019
Employee Benefit Accruals	(16,273)	8,426
	<u>504,073</u>	<u>548,420</u>

**Average number of employees during the year**

	<b>2018</b>	<b>2017</b>
Administration and activities	7	6
Contract Staff	4	5
Total	<u>11</u>	<u>11</u>

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2018**

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 £20,959 (2016-17 £20,407) 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 £18,340.(2016-17 £15,019)

<b>6 Taxation on interest received</b>	<b>2018</b>	<b>2017</b>	
	<b>£</b>	<b>£</b>	
UK corporation tax	119	192	
<b>7 Property, plant &amp; equipment</b>	<b>Computers</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2017	25,573	2,949	28,522
Additions	-	-	-
Disposals	(18,227)	-	(18,227)
At 31 March 2018	7,346	2,949	10,295
<b>Depreciation</b>			
At 1 April 2017	20,826	991	21,817
Charge for the year	1,565	391	1,956
Disposals	(18,212)	-	(18,212)
At 31 March 2018	4,179	1,382	5,561
<b>Net book value</b>			
At 31 March 2018	3,167	1,567	4,734
At 31 March 2017	4,747	1,958	6,705
<b>Property, plant &amp; equipment</b>	<b>Computers</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</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>8 Intangible assets</b>			<b>Total</b>
			<b>£</b>
<b>GBCC</b>			
<b>Cost</b>			
At 1 April 2017			14,709
Additions			-
Disposals			(13,442)
At 31 March 2018			1,267
<b>Amortisation</b>			
At 1 April 2017			14,045
Charge for the year			317
Disposals			(13,438)
At 31 March 2018			924
<b>Net book value</b>			
31 March 2018			343
At 31 March 2017			664
<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>			
<b>31 March 2017</b>			664
At 31 March 2016			1,817

All intangibles relate to software.

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2018**

<b>9 Trade receivables and other current assets</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade receivables	145,005	239,036
EU Accrued Income	-	-
Prepayments and Non EU accrued income	67,234	32,917
	<u>212,239</u>	<u>271,953</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:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balances with other CGDs	75,514	212,535
Balances with OGDs	-	-
Balances with bodies E to G	136,725	59,418
	<u>212,239</u>	<u>271,953</u>

<b>10 Cash</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	671,656	740,893
Net change in Cash	(93,529)	(69,237)
	<u>578,127</u>	<u>671,656</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Commercial Banks	577,181	670,022
Cash in Hand	946	1,634
	<u>578,127</u>	<u>671,656</u>

<b>11 Trade payables and other current liabilities</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Corporation tax	119	192
Other taxes, social security & pension costs	17,651	30,829
Other payables	99,503	174,472
Accruals and deferred income	228,325	218,445
	<u>345,598</u>	<u>423,938</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 toG) as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balances with other CGDs	14,598	27,862
Balances with OGDs	10,000	9,000
Balances with bodies E to G	321,000	387,076
	<u>345,598</u>	<u>423,938</u>

<b>12 Provision for liabilities and charges</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balance brought forward	-	3,000
Write back of Provision	-	(3,000)
Balance carried forward	<u>-</u>	<u>-</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. GBCC may terminate the lease by giving six months written notice.

	<b>Buildings</b>	<b>Buildings</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current Year	<u>45,748</u>	<u>40,918</u>
Within one year	-	31,355
Between one and five years	-	-
	<u>0</u>	<u>31,355</u>

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2018**

**14 Related party transactions**

The FCO is regarded as a related party. GBCC is an Executive Non Departmental Body (NDPB) of the FCO and in 2017-18 received £470,000 GIA (2016-17 £500,000) 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 2017-18 no administration fees were processed through the UK China Forum as the company has ceased to be used for Political dialogues (2016-17 nil) and GBCC had no recoverable expenses in 2017-18 (2016-17 £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 transactions for employee services with the APPCG for 2017-18 amounted to £753 (2016-17 £801)

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 2017-18 amounted to £6445 (2016/17 £6445) There were no recoverable expenses.

**15 Financial Commitments**

There was a financial commitment of £26,599 relating to flights incurred in early April.

**16 Directors Interests**

There are no relevant director's interests.

**17 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.

**18 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.

**19 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 certified by the Comptroller and Auditor General.





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