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# **The Great Britain-China Centre**

## **Annual Report and Accounts 2019-20**

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# The Great Britain-China Centre

## Annual Report and Accounts 2019-20

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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**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 2020**

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**Directors**

Sir Martin Davidson KCMG	- Chair
Mr Alan Black	- Vice Chair
Mr Richard Jackson	- Vice Chair & Treasurer
Rt Hon Liam Byrne MP	
Dr William Godwin QC	
Mr Charles Haswell	
Prof Jude Howell	
Ms Alyson Pia MacRae	
Dr Charles Quan Li	
Ms Marina Wheeler QC	

**Nominee Directors**

Mr Nicholas Thomas	- British Council
Mr Rupert Ainley	- Foreign, Commonwealth and Development Office

**Co-opted Members**

Mr Matthew Rous  
Mr Rod Wye

**Company Secretary**

Ms Merethe Borge MacLeod

**Registered number**

01196043  
(Registered in England and Wales)

**Registered Office**

15 Belgrave Square  
London  
SW1X 8PS

**Auditors**

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

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

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The Directors present their report and financial statements for the period ended 31 March 2020. These accounts no longer include the results for the UK-China Forum because the Political Dialogues are run through The Great Britain-China Centre and no transactions have gone through the Forum in the year. The information contained in the Directors' Report is not subject to audit.

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

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

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

### **Principal activities**

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

### **Management Commentary:**

#### **Results**

After taking into account the GiA of £500,000 (2018-19: £500,000) from the Foreign and Commonwealth Office, the results for the year ending 31 March 2020 show an operating surplus of £54,056 (2018-19: deficit of £56,201).

The results for the year have not been impacted by the Covid-19 outbreak in the UK and China since the company had not planned major activity during the last few months of the year. The Directors consider GBCC's financial position to be satisfactory.

#### **Directors**

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

Sir Martin Davidson KCMG	- Chair
Mr Alan Black	- Vice Chair
Mr Richard Jackson	- Vice Chair & Treasurer
Rt Hon Liam Byrne MP	
Mr Christopher Fitzgibbon	- Resigned 25 April 2019
Dr William Godwin QC	
Mr Charles Haswell	
Prof Jude Howell	
Dr Charles Quan Li	- Appointed 25 April 2019
Ms Alyson Pia MacRae	- Appointed 25 April 2019
Ms Victoria Prentis MP	- Resigned 31 March 2020
Ms Marina Wheeler QC	- Appointed 28 May 2019

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

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### **Nominee Directors**

Mr Nicholas Thomas - British Council  
Mr Alex Pinfield - FCO - Resigned 27 April 2020

None of the Directors are remunerated.

### **Audit and Risk Assurance Committee**

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

During the year ended 31 March 2020 membership of the ARAC comprised:

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

The Executive Director, China-Britain Business Council Group Finance Director, NAO Audit Manager, BDO Senior Audit Manager, FCO Head of Audit and FCO Deputy Head of Anti-Fraud and Corruption Unit are regular attendees.

### **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 notes 2.8 and 14 in the Notes to the Financial Statements.

### **Audit Fee**

The Directors confirm that the Comptroller and Auditor General is appointed as statutory auditor for the GBCC financial statements and that the auditors have not conducted any non-statutory audit work. The fee for the statutory audit was £11,300 (2018-19: £11,000).

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

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### **Creditors**

The average time taken to pay invoices in the current year was 34 days (2018-19: 28 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 8 days (2018-19: 48 days), which reflects the reduction in planned activity at the year end.

### **Events since Year End**

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

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

### **Going Concern**

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

The Foreign, Commonwealth and Development Office grant-in-aid is confirmed at £500,000 for the 2020-21 financial year which will cover 63% of budgeted core operating costs. The balance will be covered by earnings from externally funded projects and sponsorship and if necessary from reserves.

The Board keeps the issue of "Going Concern" under review and close liaison is maintained with the FCDO's China Department to ensure alignment with its China Strategy. Although it does not, and is not required to comply with the UK Corporate Governance code, GBCC follows best practice with regards to the consideration of viability and going concern and the Board has assessed forward strategy over a longer period than the 12 months required. The Board's scrutiny includes regular assessment of the main risks facing GBCC and management's methodology to address them. In addition, the FCO has provided a letter of comfort whereby it undertakes to provide adequate financial assistance, should it be required, to enable the Great Britain China Centre to continue operating as a going concern for a period of at least twelve months from the date that the 2019-20 accounts are certified by the Comptroller and Auditor General.

Further information on Going Concern is contained within the Strategic Report in the GBCC Funding and Viability Statement on pages 11 and 12.

### **Losses and Special Payment**

During the 2019-20 financial year GBCC incurred a foreign exchange loss of £18,690 (2018-19: £7,965). There were no other losses or special payments.



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

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This report was approved by the Board on 25 June 2020.

Sir Martin Davidson  
Chair

Date 10 September 2020

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

Date 10 September 2020

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

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

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

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

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

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

Recent results of GBCC’s work include:

- Strengthened and expanded **relationships with key Chinese partners in policymaking, legal, judicial and academic sectors** in the interest of UK-China relations.
- Served as UK **docking point for incoming Chinese policymakers, legislators and political bodies** for a broad range of incoming visits of influential policy-making institutions, from the National People’s Congress Standing Committee, Central Party School, regional leaders, central and regional senior judiciary and prosecutors.
- Enabled deeper, **more informed engagement of senior and future generations of UK Parliamentarians** and leaders with their Chinese counterparts.
- **High level discussions between the UK and Chinese judiciaries**, including judicial roundtables, a joint expert working group on commercial dispute resolution, and technical assistance and capacity building in relation to a range of criminal and commercial legal reform issues.
- Projects supporting **progress in China’s criminal justice system**, particularly in preventing torture and ill-treatment, setting up pilots to standardise police working procedures and reduce pre-trial detention (both at formal arrest stage and detention review), and strengthening evidence-based judicial procedures.
- Developing a **network of engaged British legal, judicial and academic experts** and representative bodies able to participate in legal and judicial reform in China, focused on criminal justice reform and business environment reform that align with UK interests.

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

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- Strengthened the **Centre for Common Law in China**, a partnership between GBCC, Renmin University Law School and the University of Oxford Law Faculty, to promote the rule of law.
- Convened dialogues with China on themes of **environment, sustainability and innovation**, in support of shared UK-China agendas and exploring further areas of collaboration.
- Served as a consistent convenor of UK expertise for incoming Chinese policymakers, 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 and prosecutors.

During the financial year, 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 policymakers of both sides and building relationships for the future. The dialogues have become unique platforms for open discussion on policy matters of concern to both sides, whilst supporting UK politicians to gain a deeper and more nuanced understanding of the Chinese system and China's reform priorities, and helping Chinese policymakers understand UK perspectives. The dialogues are held alternately in the UK and China, organised by GBCC in partnership with the International Department of the Central Committee of the Communist Party of China (IDCPC), and the All China Youth Federation (ACYF) / Communist Youth League (CYL). The initiatives are supported by corporate sponsors including BP and Prudential.

- The **9th UK-China Young Leaders Roundtable** was held in Beijing and Jinan in late July – early August 2019. The programme, on the overarching theme of Environment, Sustainability and Innovation, started with a pre-departure briefing for delegates involving also the FCO and an environmental NGO, and in-the-field briefing by the British Embassy upon arrival in Beijing. The full day of bilateral roundtable discussions in Beijing centred around the UK and China's national policies and global environmental cooperation on climate change, biodiversity and clean energy. This was followed by additional engagements such as dinner with UK business leaders, discussions with senior executives at the Asian Infrastructure Investment Bank, and calls on senior officials at the IDCPC. A regional visit to Shandong enhanced insights into development at local level. The UK delegation consisted of 11 members including mainly MPs but also representatives from think tanks and civil society.
- GBCC designed and facilitated a two-week bespoke **Leadership and exchange course** in Oxford and in London for 18 ACYF/CYL-affiliated central and provincial leaders, civil servants and business executives.
- GBCC expanded its **Cross-Whitehall China Capabilities** course in supporting the growth of the UK's China readiness, providing training for 28 civil servants from eight government departments. The course, designed and organised by GBCC, featured a comprehensive and up-to-date programme covering China's political, social and economic development and its latest topics and issues from technology to social aspects and to its evolving role internationally.
- A delegation headed by Guangxi Province's top leader, Mr. Lu Xinshe, was scheduled to visit the UK in early 2020. GBCC organised a UK programme consisting of Roundtable discussions and meetings for MPs, officials, think tanks, academics and businesses to meet and discuss with the delegation. Unfortunately, the delegation is postponed due to Covid-19.

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

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### **Judicial Dialogues**

GBCC supports the coordination and delivery of many aspects of the UK judicial engagement with China, in close consultation with the courts. Central to this work is the UK-China Judicial Roundtable, which brings together senior judges to share views on legal issues.

The 6th UK-China Judicial Roundtable was planned to take place in the UK in October 2019, on the topic of “Accessible Justice in Modern Courts”. However, the Chinese side informed GBCC informally in late August that they would not be able to attend the roundtable. As this cancellation or postponement was not explained or communicated formally to the UK judiciary, this has led to a pause in the bilateral high-level judicial relationship. Cooperation continues on the technical working level through GBCC’s projects, but it may take some time for the supreme court level engagement to resume.

### **Criminal Justice Reform**

Recognising the limits of engaging with legal developments in China, GBCC developed its criminal justice portfolio to include five main projects, with cooperation across academia, police, prosecutors, lawyers and judges, and responding to areas of international human rights relevance and Chinese policy priorities, such as torture prevention, death penalty reduction, improved criminal procedure and children’s rights. GBCC partners with influential academic and justice sector organisations to design and deliver projects in which practical pilots test and develop reform policy, which in turn seek to influence national-level legislation and policies.

The portfolio included several one-year and multi-year projects funded by the FCO, the European Union through the European Initiative for Democracy and Human Rights (EIDHR), and the Dutch government:

- One project focused on the procedural safeguards during the first 24 hours of police custody, especially audio-visual recording, interrogation and lawyer assistance, identification and exclusion of illegal evidence and custody records.
- Another project focused on the reduction of pre-trial detention rates through procedural improvements to bail hearings.
- A project with the Supreme People’s Court as well as other partners on the improved role of evidence in criminal procedure.
- A project focusing on legal aid in death penalty cases, particularly looking at drug crimes which are on par with homicide as the main cause of capital sentences in China.
- A project to support the Chinese justice system’s efforts to improve criminal procedures in child sexual abuse cases.

### **China Business Environment Programme**

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

Project activities in the reporting year focused primarily on commercial dispute resolution as a key issue for China’s business environment reform, and included roundtables, technical workshops, capacity building initiatives, and a scoping research report. These activities were undertaken with key stakeholders and partners, including the Supreme People’s Court and lower level courts, as well as their counterparts in the senior judiciary of England and Wales, the China Law Society (affiliated with the Central Political and Legal Affairs Commission of the CPC), China’s Ministry of Justice, and the Centre for Common Law at Renmin University. Several activities were implemented in partnership with the General Council of the Bar and the Law Society of England and Wales.

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

## Strategic Report

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### GBCC Strategy

GBCC's five-year strategy (2018-2023) was approved by the Board in January 2018, and is currently under review.

The Strategy approved in 2018 sets out that the planned impact is **Strengthened UK-China partnerships to advance rule of law and political dialogue**, with three outcomes as listed below. These are taken directly from the 2018 strategy:

- 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**

#### **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*

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*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 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 feed into this process.*

The strategy is accompanied by a Strategic Results Framework with outcome indicators. This framework was further developed during 2018 and 2019, which facilitated the drafting of an annual impact report analysing progress against key indicators, on both project and the organisational levels.

In February 2020, GBCC held a one-day Strategy Away Day for the Board and all staff to review the strategy in light of bilateral and geopolitical shifts, operational changes on the ground, and the funding landscape. The impact of the coronavirus, which has become increasingly serious following the Strategy Away Day, will influence the revision of the Strategy to an extent not expected in February. The Board will set up a Strategy Working Group to advise on the strategy revision.

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### GBCC Funding and Viability Statement

The Board keeps the issue of “Going Concern” under regular review at Board meetings, and close liaison is maintained with the FCDO’s China Department to ensure alignment with its China strategy. Although it does not, and is not required to, comply with the UK Corporate Governance code, GBCC follows best practice with regards to the consideration of viability and going concern and the Board has assessed the forward strategy of GBCC for the next three years (2020-23). The Board's scrutiny includes regular assessment of the main risks facing GBCC and management's methodology to address them. In addition, the FCO has provided a letter of comfort whereby it undertakes to provide adequate financial assistance, should it be required, to enable the Great Britain China Centre to continue operating as a going concern for a period of at least twelve months from the date that the 2019-20 accounts are certified by the Comptroller and Auditor General.

Traditionally funding has been the main risk to GBCC’s operation. Recent success in obtaining multi-year project grants from the EU and also the FCO meant that the draft budget for 2020-21 presented to the Board in January 2020 projected strong growth in revenues, a solid surplus and progress towards rebuilding of free reserves (after estimated costs of closedown) equivalent to 6 months operating expenses.

However, the impact of the Covid-19 virus has led the Board to suspend final approval of the proposed budget, and instead to review a rolling 12 month forecast at each Board meeting until the situation stabilises and more certainty can be introduced into the budgeting process. The commitment from the FCDO to the GiA of £500K for 2020-21 and the offer of adequate financial assistance allows GBCC to function for the full financial year, even though the level of income from external projects and corporate sponsorship is difficult to predict as it depends on implementation. GBCC may need to use some of its reserves to cover operational costs if implementation cannot resume during the year.

The majority of GBCC projects and initiatives have relied heavily on international travel and face-to-face exchanges. As it is unclear when regular travel and meetings can resume, be it in China or the UK, GBCC is currently adjusting the delivery model for many projects, and arranging for preparatory discussions and technical exchanges to take place remotely. There are early signs that this can be successful as a component of project delivery. The transformation in online working mechanisms globally has greatly facilitated this shift, and it will stand GBCC and its partners on the ground in good stead even in a post-Covid world. However, the more over-arching goals of facilitating sometimes difficult dialogues and establishing professional relationships between stakeholders in the UK and China will continue to face-to-face meetings. Hence the successful implementation of the majority of projects will continue to rely on the possibility to travel.

A global economic downturn due to the coronavirus is likely to impact on the availability of corporate sponsorship, although there are also signs that companies wish to demonstrate their commitment to the bilateral relationship and may seek to do so through association with a trusted bridge organisation such as GBCC. A global recession may decrease the amount of institutional funding available in general and relating to GBCC’s goals in particular, but it is also likely that China will remain eligible for both UK and EU ODA funds for a longer time than anticipated ahead of Covid-19.

The FCO’s Tailored Review of GBCC, which was presented to Parliament in June 2019, concluded that “GBCC continued to perform an important function in the UK-China relationship by making a positive contribution to UK priorities in China and representing good value for money for the taxpayer.” Since then the GBCC and FCO have cooperated on implementing the recommendations outlined by the Review, and monitored progress as a standing item at Board meetings.

The current controversies around China’s role in Covid-19, China’s more assertive role in global fora, and the domestic demands for a revision of the UK’s relationship with China, calls for pragmatic and well-informed engagement across a broad spectrum of stakeholders. Track Two engagement is even more

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important at times when the bilateral relationship is difficult, as the channels of government-to-government dialogue deteriorate and the voices for disengagement grow stronger.

The Board therefore believes it is unlikely that the FCDO will substantively reduce or completely cut the GiA allocation for GBCC.

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

In addition to sponsorship for the political dialogues, GBCC is in advanced conversations with a handful of major UK corporate donors for its UK-China Future Leaders Programme, a strategic initiative to prepare the UK's future political, government and business leaders to respond pro-actively to the growing role and influence of China. The programme offers comprehensive experience for future leaders from politics, civil service and business to develop their capabilities understanding, analysing and tackling with the most important topics related to China. Although final sponsor commitment and scale of the programme is on hold due to Covid-19, the programme is if anything even more relevant as the complexities of the bilateral relationship between the UK and China have heightened.

The growing importance to the UK of the work GBCC is undertaking, GBCC's success in winning large multi-year grants, and the continued efforts to raise funds from commercial sources assure the Board that GBCC has sufficient support and relevance to continue its operation over the next three years. The Board has approved a new reserve policy that sets the objective for GBCC of building and maintaining reserves equivalent to 6 months operating expenses. The Directors assess GBCC's prospects primarily through its financial planning process. As part of this, the Directors have considered the financial impact of a number of scenarios, based on how quickly travel restrictions can be lifted in a post-Covid world. With this in mind, the Board has approved budget running at a deficit for the year 2020-21, which it is hoping to better.

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

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

Sir Martin Davidson  
**Chair**

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

Date 10 September 2020



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

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

Sir Martin Davidson	– Chair
Prof Jude Howell	– Director
Ms Marina Wheeler	– Director
Mr Matthew Rous	– Co-opted Member
Mr Rod Wye	– Co-opted Member

Merethe Borge MacLeod, the Executive Director, commenced permanent employment on 4 September 2017.

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

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salary paid in year and on a full time equivalent basis (in bands)	95-100	95-100
Performance related pay (in bands)	10-15	0-5
Employer pension contributions	6.5	5.9

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

The calculation is based on the Full Time Equivalent staff of the reporting entity at the 31 March 2020 on an annualised basis and includes any temporary staff employed during the year.

	<b>2020</b>	<b>2019</b>
Band of Highest Paid Director's total remuneration (£'000)	105-110	95-100
Median total of employee (excluding Director) remuneration (£)	34,193	29,259
Pay multiple at 31 March	3.1	3.3

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

The pay multiple has decreased because the median salary has increased during the current financial year due to staff promotions. The remuneration of employees, excluding the highest-paid director, ranged from £24,000 to £55,000 (2018-19: £18,000 to £55,000) and in 2019-20 no employees received remuneration in excess of the highest-paid director (2018-19: none).

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

### Staff Costs

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

Staff costs comprise:

	<b>Permanently Employed Staff</b>	<b>Others</b>	<b>2019-20 £ Total</b>	<b>2018-19 £ Total</b>
Wages and salaries	329,401	39,632	369,033	356,393
Social security costs	49,210	3,147	52,357	34,446
Other pension costs	19,933	525	20,458	23,704
	<u>398,544</u>	<u>43,304</u>	<u>441,848</u>	<u>414,543</u>

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

	<b>Permanently Employed Staff</b>	<b>Others</b>	<b>2019-20 No. Total</b>	<b>2018-19 No. Total</b>
Directly employed	<u>7</u>	<u>2</u>	<u>9</u>	<u>9</u>

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

	<b>Male</b>	<b>Female</b>	<b>Total</b>
Executive Director	-	1	1
Employees	<u>2</u>	<u>6</u>	<u>8</u>

The company outsourced its financial management to China-Britain Business Council in September 2018 and the amount incurred during the year was £60,000 (2018-19: £35,000).

### Sickness Absence data

The average number of sick days taken by staff in the year was 4.1 (2018-19: 1.1).

### Staff Policies on Disability

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

Sir Martin Davidson  
**Chair**

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

Date 10 September 2020

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

## Governance Statement

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### 1. Board Membership

As at the end of March 2020, GBCC's Board of Directors had 14 members, including 12 directors and two co-opted members.

### 2. Overview of Board Structure and Performance

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

The Audit and Risk Assurance Committee monitored and evaluated risks to the operation of the organisation, reviewed the accounts and accounting policies, and monitored the implementation of the GDPR compliance. It reviewed the systems audit of GBCC's human resource processes, carried out by the FCO Internal Audit Department, who deemed them to be "substantive" whilst providing some recommendations for improvement. A fuller description of the ARAC's responsibilities is included in the Directors' Report on page 3.

The People and Performance Committee supported and advised the ED on people management, approved the annual performance appraisals of senior management (ED and Deputy Director), reviewed the relevance and appropriateness of staff remuneration and performance related pay increases and bonuses. The Committee also recruited a second Deputy Director who commenced employment in April 2020.

The Business Development and Fundraising Committee advised on the development of business and fundraising strategies and criteria. It also 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. GBCC recruited three new Board members in early 2019, out of a very strong pool of 109 applicants. The new Board members went to the Board for approval in April 2019, and began their term as Directors in April and May 2019.

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

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

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

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

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

A full list of Board members who served in the year is presented in the Directors' Report on pages 2 and 3.

During 2019-20 the number of Board and Committee meetings with individual attendance was as follows:

Director	Board (4)		Audit and Risk Assurance Committee (4)		People and Performance Committee (2)		Business Development & Fundraising Committee (3)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
M Davidson	4	4			2	2	3	2
A Black	4	3					3	3
R Jackson	4	4	4	4			3	3
L Byrne MP	4	0					3	0
C Fitzgibbon	1	0	1	0				
W Godwin	4	3					3	1
C Haswell	4	4	4	4			3	2
J Howell	4	2			2	1		
C Li	3	3	3	3				
A MacRae	3	3					1	1
V Prentis MP	4	2						
M Wheeler	3	2			2	2		
N Thomas	4	3						
A Pinfield	4	3						
<b>Co-Opted:</b>								
R Wye	4	4			2	2		
M Rous	4	2			2	2		
<b>Totals</b>	<b>58</b>	<b>42</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>9</b>	<b>19</b>	<b>12</b>
<b>Percentage</b>		<b>72%</b>		<b>92%</b>		<b>90%</b>		<b>63%</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.

The Articles of Association were updated. The Board approved the updated version in June 2019, and authorised the ED to call the Extraordinary General Meeting to approve the Articles. The Articles were formally adopted and have been lodged with Companies House.

The Board also approved updated versions of the Management Statement, the Financial Memorandum, the Memorandum of Understanding between GBCC and the FCO China Department, in April 2019. These documents set out the operational relationship between GBCC and the FCO, and will be merged into a Framework Agreement in the near future.

The Honorary President, Lord Peter Mandelson, was re-appointed for a second three-year term (June 2019 – June 2022).

The Chair's first five-year term came to an end in February 2020. Due to changes in the formal appointment procedures, a six-month extension (February 2020 – August 2020) was agreed by the FCO and approved by the Board.

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

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Arising from the Tailored Review, there was an exchange between the FCO and the Commissioner for Public Appointments (CPA) regarding the appointment of Directors. The CPA confirmed that the appointment of Directors other than that of the Chair are not regarded as public appointments.

### 3. 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 is then outlined and action plans to deal with them given if they materialise. This is updated and reviewed at each meeting of the Audit and Risk Assurance Committee and at each Board meeting.

Prior to the outbreak of the coronavirus in Q4, the main risk to GBCC was financial. Following the outbreak in China, and its spread to the UK and globally, the effects of the coronavirus is the main threat to GBCC's operations and finances:

Following the government announcement of the lockdown on 16 March 2020 all GBCC staff have been working from home. This transition has been smooth, and backed up by having an updated Business Continuity Plan, the move to SharePoint, as well as staff's familiarity with working remotely during travels.

The impact on programme implementation however is a major concern, as travel and face-to-face events are restricted until later in the year. The uncertainty adds to the impact as it makes planning very difficult. The impact on GBCC is likely to be reduced income from externally funded projects, as both staff time and overheads are charged as per implementation, and as commercial sponsorship will be more difficult to obtain. Several of GBCC's externally funded programmes are in the starting phase, which means that a certain level of income can be charged against preparatory work. GBCC stays in contact with all implementation partners in China, and will be carrying out some activities such as seminars and kick-off meetings via webinars.

#### **Financial risks**

##### *Delays to the China Business Environment Programme*

There have been delays to the implementation of the China Business Environment Programme, due to disagreements over contract length, level and the eligibility to bid for competitive grants. *Phasing out of Overseas Development Aid (ODA) for China*

Currently GBCC's GiA comes out of ODA budgets. As the Chinese economy grows, China will at some point cease to be eligible for ODA. However, China's slowing economy prior to Covid-19 and now the impact of the coronavirus may lead to a delay in ODA graduation. Budgets for 2020-21 are being drawn up based on a continuation of the current levels of GiA, and the FCDO are kept informed about this. GBCC and the FCDO are engaging on the ODA issue of the GiA, and GBCC hopes that the FCDO will explore non-ODA sources of funding for GBCC.

##### *Brexit/EU funding*

The Board continued to consider the impact on GBCC from Brexit. There is a risk of loss of revenue from EU project grants, especially for criminal justice projects. EU and EU Member State Funding constitute the majority of project funding for GBCC criminal justice projects.

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 7.4 million Euros (£6.4 million), mostly from the European

##### *Initiative for Democracy and Human Rights (EIDHR).*

The EU is a key source of funding for anti-death penalty work in particular, as EU Member States seem to mainly outsource the provision of anti-death penalty work aid to the EU. EU funding is therefore not only of great importance financially, but also strategically, as the funds are large and multi-year. EIDHR calls for proposals have so far remained open to organisations of all nationalities, and although it is unclear what

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

### **Governance Statement**

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the UK's position is after Brexit, on balance we expect that we will continue to be eligible. In 2019 GBCC was awarded two EIDHR projects, one from a global call on death penalty, and one from a China-specific call, both for a duration of three years (2020-23). However, there are ongoing changes to the EU financial instruments as China will at some point become ineligible for EU ODA funding, with non-ODA funding becoming more important.

A related risk is the impact on retaining and recruiting staff. EU Nationals continue to form an important pool of candidates for GBCC positions. Whilst in principle, there are no risks for EU nationals starting work in the UK during the transitional period, but the employment situation after Brexit is unclear.

GBCC continues to stay in close touch with the EU Delegation in Beijing and other EU institutions to monitor the risk to GBCC from Brexit, and we continue to apply for EU bids. We are also exploring partnerships with EU-based organisations with whom we might form consortia in future bidding rounds. We are also seeking bilateral funding from other European countries. However, apart from the Dutch government, bilateral funding mechanisms are typically short term and small scale, and as such they cannot provide the same level of intervention as projects supported by the EU.

#### **Political risks**

GBCC's projects and engagements were carried out against a background of a worsening human rights situation, with human rights lawyers and defenders subject to harassment and detention, grave concerns about the treatment, surveillance and detention of Uighur and other ethnic minorities in Xinjiang, concerns over the deterioration of freedoms in Hong Kong and the breaches to the Sino-British Joint Declaration, and China's more assertive role in global fora. This scenario clearly impacts on the UK-China relationship. A more tense bilateral relationship in turn exacerbates the operational risks associated with the GBCC's work at a time when the Chinese government is tightening political and social controls in a number of areas, and in particular scrutinizing the activities of foreign-funded organisations. A law governing the operation of international NGOs came into force on 1 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 because of this. It seems clear that GBCC is not viewed as an NGO, but we continue to monitor this. 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.

Programmatically, GBCC is indirectly affected by the narrowing of the scope for rule of law work in general. There are a decreasing number of organisations, both foreign and domestic, active in the rule of law field, and this leads to fewer opportunities to share experiences, a decreasing number and diversity of initiatives and pilot projects ongoing, and in the long term this may lead Chinese partners to re-focus on other areas.

Despite this complex context, the standing of GBCC remains relatively secure: China's own legal and judicial reform programme allows GBCC to work closely with official Party-State organisations 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. In sum, the Board continued to consider the possible impact on GBCC's operations of the tightening political landscape and the bilateral relationship but considers GBCC's work to remain politically feasible.

Sir Martin Davidson  
**Chair**

Date 10 September 2020

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

### **Governance Statement**

### **System of Internal Control**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it provides reasonable but not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of GBCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. I confirm that the system of control has been in place at GBCC throughout the financial year ended 31 March 2020 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

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

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

Following the General Data Protection Regulations (GDPR) coming into effect on 25 May 2018, GBCC is working closely with the FCDO 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. GBCC commissioned a GDPR Gap Analysis in early 2018 and drew up a comprehensive GDPR Implementation Plan which has now been implemented.

GBCC staff representatives attend a monthly data protection meeting for FCDO NDPB's led by the FCDO's Data Protection Officer, exchanging best practice and contributing towards continuous improvement. A member of the FCDO's Transparency & Data Team attends the ARAC once per year.

The company has not suffered any lapses in protective security during the year and has not suffered any data losses.

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

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

Date 10 September 2020

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

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

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

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

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

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

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

Sir Martin Davidson  
**Chair**

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

Date 10 September 2020



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

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

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#### **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 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International 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 2020 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 the 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 these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Conclusions relating to going concern**

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

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

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

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

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

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

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- 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **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 judgment 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 error, as fraud may involve collusion, forgery, intentional omissions, 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.
- 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.
- conclude on the appropriateness of the Great Britain-China Centre'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 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 report. However, future events or conditions may cause the Great Britain-China Centre to cease to continue as a going concern.

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.

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

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

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#### Other information

Management is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's 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 parts of the Remuneration Report to be audited have 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 Directors' 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 parts 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.

**Gareth Davies**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**Date**      **14 September 2020**

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2020**

	Notes	2020 £	2019 £
<b>Income</b>			
Revenue from customers	<b>3,4</b>	634,013	385,211
Exchange loss		(18,690)	(7,965)
Other revenue		1,805	908
		617,128	378,154
<b>Expenditure</b>			
Cost of activities		(377,056)	(291,624)
Administrative expenses		(682,067)	(643,078)
<b>Total expenditure for the year</b>	<b>6</b>	(1,059,123)	(934,702)
<b>Net expenditure for the year</b>		(441,995)	(556,548)
Taxation		(5,084)	(79)
Interest receivable		1,135	426
<b>Comprehensive net expenditure for the year</b>		(445,944)	(556,201)

**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 28 to 39 form part of these financial statements.

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Financial Position as at 31 March 2020**

	Notes	2020 £	2019 £
<b>Non-current assets</b>			
Property, plant and equipment	8	1,267	2,856
Intangible assets		-	26
		1,267	2,882
<b>Current assets</b>			
Trade and other receivables	9	144,460	232,953
Cash and cash equivalents	10	1,060,558	526,301
		1,205,018	759,254
<b>Total current assets</b>		1,205,018	759,254
<b>Total assets</b>		1,206,285	762,136
<b>Current liabilities</b>			
Trade and other payables	11	(747,585)	(357,492)
		458,700	404,644
<b>Total assets less current liabilities</b>		458,700	404,644
<b>Non-current liabilities</b>			
Provision for liabilities and charges	12	(11,000)	(11,000)
		447,700	393,644
<b>Total assets less liabilities</b>		447,700	393,644
<b>Taxpayer's equity</b>			
General fund		447,700	393,644

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

The financial statements were approved by the Board on 25 June 2020.

Sir Martin Davidson  
**Chair**

Date 10 September 2020

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

Date 10 September 2020

The notes on pages 28 to 39 form part of these financial statements.

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Cash Flows for the Year Ended 31 March 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Comprehensive net expenditure for the year		(445,944)	(556,201)
<b>Adjustments for:</b>			
Depreciation of tangible assets	8	1,589	1,878
Amortisation of intangible assets	6	26	317
Interest received		(1,135)	(426)
Taxation		5,084	79
Provision	12	-	11,000
Decrease/(increase) in trade and other receivables	9	88,493	(20,714)
Increase in trade and other payables	11	385,009	11,928
Taxation paid on interest received		-	(113)
<b>Net cash inflow/(outflow) from operating activities</b>		33,122	(552,252)
<b>Cash flows from investing activities</b>			
Interest received		1,135	426
<b>Net cash inflow from investing activities</b>		1,135	426
<b>Cash flows from financing activities</b>			
Grant in Aid	15	500,000	500,000
<b>Net cash inflows from financing activities</b>		500,000	500,000
<b>Net increase/(decrease) in cash and cash equivalents</b>		534,257	(51,826)
Cash and cash equivalents at the beginning of the year		526,301	578,127
<b>Cash and cash equivalents at the end of the year</b>	10	1,060,558	526,301

**The Great Britain - China Centre (Limited by Guarantee)**  
**Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2020**

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	Notes	2020 £	2019 £
Balance at the start of the year		393,644	449,845
Comprehensive net expenditure for the year		(445,944)	(556,201)
Grants from FCO	15	500,000	500,000
<b>Balance at the end of the year</b>		<u>447,700</u>	<u>393,644</u>

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

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 1. Statutory information

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

### 2. Accounting policies

#### 2.1. Basis of preparation of financial statements

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

As at 31 March 2020, UK-China Forum was wholly controlled by the GBCC. The GBCC financial statements do not consolidate the results of the UK-China Forum as no significant transactions went through the company in the current or prior year.

#### 2.2. Accounting convention

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

#### 2.3. Non-current assets

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

#### 2.4. Depreciation

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

Property	Over the lifetime of the lease
Computer hardware	25% straight line
Fixtures, fittings and office equipment	20% on the reducing balance

#### 2.5. Amortisation

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



**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.6. Cash and cash equivalents**

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

**2.7. Foreign currencies**

Transactions in foreign currencies are translated at the European Commission's official monthly accounting rate (InforEuro) prevailing in the month of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the European Commission's official monthly accounting rate of exchange ruling at the end of the financial year. All differences are taken to the Statement of Comprehensive Net Expenditure.

**2.8. Pensions**

The company is a member of the Principal Civil Service Pension Scheme (PCSPS) and the Alpha Pension Scheme 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 1 April 2014.

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

**2.9. Leases**

The company adopted IFRS 16 Leases on 1 April 2019.

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

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

**2. Accounting policies (continued)**

**2.9. Leases (continued)**

**Measurement and recognition of leases**

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

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

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

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

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

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

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

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

**2.10. Accounting estimates and judgements**

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

**2. Accounting policies (continued)**

**2.10. Accounting estimates and judgements (continued)**

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

**2.11. Revenue from contracts with customers**

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

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

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

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

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

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

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.12. Income and expenditure**

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

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

**2.13. Segment information**

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

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

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

**2.14. Financial instruments**

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

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

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

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

**2. Accounting policies (continued)**

**2.15. Adoption of new standards**

IFRS 16 Leases replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease and the company has adopted this new standard on 1 April 2019. The adoption of this new Standard has not resulted in the company recognising any right-of-use assets nor any related lease liability on the Statement of Financial Position.

On transition, the treatment of contracts held at 1 April 2019 has been mandated by HM Treasury in the Government Financial Reporting Manual (FReM) which is to use the practical expedient detailed in IFRS 16 (C3). Any contract held at the transition date previously not identified as a lease under IAS 17 will not be affected by the adoption of IFRS 16. This treatment will continue until the end of the term of the contract unless there is a change in the terms of that contract, when it will be reviewed in line with IFRS 16.

The new Standard has been applied using the modified retrospective approach. At the date of transition, any differences arising in the treatment of right-of-use assets, lease liability and any related balances will be an adjustment to opening taxpayers equity, as mandated by FReM. Furthermore, the company elects to not make adjustments for leases for which the underlying asset is of low value, to not apply IFRS 16 to leases for which the lease term ends within 12 months of the date of the initial application of the standard and the company will use hindsight to determine the lease term for contracts where there is an option to extend or terminate the lease, should the option be exercised.

At the date of initial application, the company held an implied lease without notice for its premises and no other leases, except for small electronic items for which it will continue to account for as operating leases, charging the cost of the lease to the Statement of Comprehensive Net Expenditure on a straight line basis.

**2.16. Future accounting standards**

One accounting standard has been issued but is not yet effective, IFRS 17: Insurances, which becomes effective for accounting periods beginning on or after 1 January 2021.

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

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

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

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

**3. Segment information**

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

	2019-20	Revenue	Expenditure	Net
		£	£	£
UK		136,774	(37,304)	99,470
EU		104,209	(71,609)	32,600
China		393,030	(268,143)	124,887
		<u>634,013</u>	<u>(377,056)</u>	<u>256,957</u>
	2018-19	Revenue	Expenditure	Net
		£	£	£
UK		76,120	(91,068)	(14,948)
EU		28,788	(11,162)	17,626
China		280,303	(189,394)	90,909
		<u>385,211</u>	<u>(291,624)</u>	<u>93,587</u>

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

**4. Disaggregation of revenue from contracts with customers**

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

	2019-20	Grant based		Contract based		Total
		EU	China	UK	China	
		£	£	£	£	
Government		-	195,630	85,329	-	280,959
EU		104,209	111,013	-	-	215,222
Non-Government		-	-	51,445	86,387	137,832
		<u>104,209</u>	<u>306,643</u>	<u>136,774</u>	<u>86,387</u>	<u>634,013</u>
Point in time		-	-	61,125	86,387	147,512
Over time		104,209	306,643	75,649	-	486,501
		<u>104,209</u>	<u>306,643</u>	<u>136,774</u>	<u>86,387</u>	<u>634,013</u>
	2018-19	Grant based		Contract based		Total
		EU	China	UK	China	
		£	£	£	£	
Government		-	175,831	6,930	-	182,761
EU		28,788	-	-	-	28,788
Non-Government		-	-	69,190	104,472	173,662
		<u>28,788</u>	<u>175,831</u>	<u>76,120</u>	<u>104,472</u>	<u>385,211</u>
Point in time		-	-	69,675	104,472	174,147
Over time		28,788	175,831	6,445	-	211,064
		<u>28,788</u>	<u>175,831</u>	<u>76,120</u>	<u>104,472</u>	<u>385,211</u>

The amount of revenue recognised in the period that related to contract liabilities at the start of the period was £186,897 (2018-19: £75,330).

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

**5. Unsatisfied long-term contracts**

The unsatisfied performance obligation relating to long-term grant based contracts is £2,223,588. The future revenue recognition will be based on the completion of activities and the time spent in performing the obligations under the contract. Although the timing of the activities are uncertain at the Statement of Financial Position date, the anticipated revenue recognition in the next year is 13% of the total with the remaining 87% to be split over the next two years in the ratio 63:37.

**6. Expenditure**

	Notes	2020 £	2019 £
Staff Costs			
Wages and salaries		369,033	356,393
Social security costs		52,357	34,446
Other pension costs		20,458	23,704
		441,848	414,543
Rentals under operating leases		40,540	39,675
Service charges and rates		26,862	28,538
Outsourced financial management	15	60,000	35,000
Professional fees		17,860	13,435
Running costs		82,042	87,692
Non-cash items			
Depreciation	8	1,589	1,878
Amortisation		26	317
Auditors' remuneration		11,300	11,000
Provision provided for in year	12	-	11,000
Purchase of goods and services		377,056	291,624
		1,059,123	934,702

The audit fee for the current year is £11,300 (2018-19: £11,000) and no non-audit work has been carried out by the external auditors.

**7. Employees**

Average number of employees during the year:

	2020 No.	2019 No.
Administration and activities	7	5
Contract Staff	3	5
Total	10	10

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

**8. Tangible fixed assets**

<b>2019-20</b>	<b>Computers</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2019	7,346	2,949	10,295
At 31 March 2020	<u>7,346</u>	<u>2,949</u>	<u>10,295</u>
<b>Depreciation</b>			
At 1 April 2019	5,744	1,695	7,439
Charge for the year	1,337	252	1,589
At 31 March 2020	<u>7,081</u>	<u>1,947</u>	<u>9,028</u>
<b>Net book value</b>			
At 31 March 2020	<u>265</u>	<u>1,002</u>	<u>1,267</u>
At 31 March 2019	<u>1,602</u>	<u>1,254</u>	<u>2,856</u>
<b>2018-19</b>			
	<b>Computers</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2018	7,346	2,949	10,295
At 31 March 2019	<u>7,346</u>	<u>2,949</u>	<u>10,295</u>
<b>Depreciation</b>			
At 1 April 2018	4,179	1,382	5,561
Charge for the year	1,565	313	1,878
At 31 March 2019	<u>5,744</u>	<u>1,695</u>	<u>7,439</u>
<b>Net book value</b>			
At 31 March 2019	<u>1,602</u>	<u>1,254</u>	<u>2,856</u>
At 31 March 2018	<u>3,167</u>	<u>1,567</u>	<u>4,734</u>

**9. Trade and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade receivables	101,495	73,469
Deposits and advances	4,560	5,639
Prepayments	1,319	14,868
Contract assets	<u>37,086</u>	<u>138,977</u>
	<u>144,460</u>	<u>232,953</u>

The value of contract assets at the year-end has reduced compared to the prior year since the number of contracts with milestones completed at the year-end has reduced from three to one.



**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

**10. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Balances at 1 April	526,301	578,127
Net change in cash	534,257	(51,826)
	<u>1,060,558</u>	<u>526,301</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Commercial banks	1,060,014	525,940
Cash in hand	544	361
	<u>1,060,558</u>	<u>526,301</u>

**11. Trade and other payables**

Amounts falling due within one year:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Corporation tax	5,169	85
Other taxes, social security	25,355	9,954
Trade payables	14,694	37,817
Other payables	7,491	5,834
Accruals and deferred income	51,181	66,051
Contract liabilities	643,695	237,751
	<u>747,585</u>	<u>357,492</u>

At the year end, contract liabilities includes £626,002 (2018-19: £180,808) relating to grant money received in advance which is included in the cash balance at the year-end (see note 10).

**12. Provision for liabilities and charges**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Balance brought forward	11,000	-
Provided in the year	-	11,000
Balance carried forward	<u>11,000</u>	<u>11,000</u>

Provision of £11,000 (2018-19: £11,000) relate to dilapidations on current leasehold premises.

**13. Leases**

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

At the statement of financial position date, the company does not have any commitments to leases which have not commenced (2018-19: £nil).

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

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

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

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#### **14. Pensions**

The GBCC was admitted to the Principal Civil Service Pension Scheme (PCSPS) on 1 September 2002. The accrued benefits for staff members of the GBCC's previous by analogy scheme were transferred to the PCSPS. It is a condition that on admission to the PCSPS, the GBCC is required to pay each year an accruing superannuation liability charge for the staff members in the scheme. During the year no employees were members in the scheme (2018-19: 1 employee). During the year there was no charge to the scheme and in 2018-19 the charge for the year was £6,161 and the contribution rate was 22.1%. The PCSPS scheme was closed to new entrants from 1 April 2014.

A defined contribution pension scheme with Standard Life was set up for new entrants from 1 January 2016. The charge for the year was £20,458 (2018-19: £17,543) at a contribution rate of 6% (2018-19: 6%). The expected contributions to the plan in the next annual reporting period is £25,200.

At 31 March 2020, pension contribution liability of £4,863 (2018-19: £3,282) is included in other payables (see note 11).

#### **15. Related party transactions**

The FCO is regarded as a related party. GBCC is an Executive Non Departmental Body (NDPB) of the FCO and in 2019-20 GBCC received £500,000 grant-in-aid (2018-19: £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 2019-20 no administration fees were processed through the UK China Forum as the company has ceased to be used for Political dialogues (2018-19: £nil) and GBCC had no recoverable expenses in 2019-20 (2018-19: £nil).

The All Party Parliamentary China Group (APPCG) is also regarded as a related party. The GBCC provided employee services to the APPCG and this was governed by a memorandum of understanding between GBCC and APPCG. The administration fee for employee services with the APPCG for 2019-20 amounted to £890 (2018-19: £795) and is recorded in other income.

The Great Britain China Education Trust (GBCET) is also regarded as a related party. The GBCC provides employee services to the GBCET. The transactions for employee services with the GBCET for 2019-20 amounted to £6,445 (2018-19: £6,445). There were no recoverable expenses.

The financial management of the company is considered to be a key management function. The financial management of the company was contracted to China-Britain Business Council mid-way through the last financial year and the amount incurred during the year was £60,000 (2018-19: £35,000). China-Britain Business Council's Chief Executive is Matthew Rous, a co-opted member of the Board.

#### **16. Financial commitments**

As at the year end, there were no financial commitments (31 March 2019: £nil).

#### **17. Directors interests**

There are no relevant director's interests.

**The Great Britain - China Centre (Limited by Guarantee)**  
**Notes to the Financial Statements for the Year Ended 31 March 2020**

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**18. Financial instruments**

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

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

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

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

**19. 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.

**20. Events after the reporting period**

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

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

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

