

The Great Britain China Centre

Annual Report and Accounts 2008-09

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2008-09

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DIRECTORS

Mr Peter Batey OBE	– Chairman	
Mr Rodney Bickerstaffe	– Vice Chairman	
Mr Hugh Davies	– Vice Chairman	
Mr Bob Thomsitt	– Honorary Treasurer	– resigned September 2008
Ms Lorna Ball	– Vice Chairman	– appointed June 2008
Ms H-J Bruncker		
Mr Ben Chapman MP		
Mr Martin Davidson		
Professor Hugo de Burgh		
Mr Christopher Fitzgibbon	– Honorary Treasurer	– appointed December 2008
Mr Edward Garnier QC MP		
Ms Cheryl Gillan MP		
Mr Andrew Halper		
Ms Clare Hammond		
Mr Michael Hancock MP		
Sir Christopher Hum		
Mr Stephen Lillie		
Mr Zhang Lifan		
Mr Ian Lindsley		
Lady Patricia Mirrlees		
Mr Ian Stewart MP		

SECRETARY

Ms Katie Lee

REGISTERED OFFICE

15 Belgrave Square
London SW1X 8PS

AUDITORS

National Audit Office
151 Buckingham Palace Road
London SW1W

Directors' Report

The Directors present their report and financial statements for the year ended 31 March 2009.

The financial statements have been prepared in a form directed by the Secretary of State for Foreign and Commonwealth Affairs with the consent of the Treasury and in accordance with the Companies Act 1985 and the special provisions of Part VII of the Act relating to Small Companies. None of the Directors were remunerated.

The Great Britain – China Centre

The Great Britain – China Centre was established in 1974, and is an executive non-departmental public body. The Centre receives grant-in-aid from the Foreign and Commonwealth Office.

Principal activities

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

Results

The results for the year are set out on page 7. The Directors consider the state of the company's affairs to be satisfactory. The Directors also confirm that:

- as far they are aware, there is no relevant audit information of which the company's auditors are unaware
- they have taken all the steps that they ought to have taken as a Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor's are aware of that information

Statement of the Executive Secretary and Directors' responsibilities

Company law requires the Executive Secretary and Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period. In preparing those financial statements, the Executive Secretary and Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any
- material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation

The Executive Secretary and Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They also have a general responsibility for taking such steps as are reasonably available to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In addition, in appointing the Executive Secretary of the Great Britain – China Centre as accounting officer of the company, the Secretary of State for Foreign and Commonwealth Affairs has placed on the Executive Secretary a responsibility for ensuring the regularity and propriety of the public finances, a requirement which is set out in the company's financial memorandum.

This report was approved by the Board on 30 June 2009.

Katie Lee
Secretary and Accounting Officer

Statement on the System of Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the Great Britain – China Centre (GBCC)'s purpose and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The purpose of the system of internal control

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 can therefore only provide reasonable and 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 the 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. The system of internal control has been in place at the GBCC for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

Mazars were appointed internal auditors in March 2006 and are responsible for advising on internal control and risk management. Mazars completed its third internal audit (January 2009) and the Management Report was accepted in February 2009. The high-level risk register was approved at the February 2009 Executive Committee meeting and included in the GBCC's Corporate Plan for 2009-10. The risk register is also reviewed regularly by the Audit Committee. During the year ended 31 March 2009 and up to the approval of the Annual Accounts the following stages have taken place:

- The Audit Committee met regularly (three times since April 2008)
- The third Internal Audit report was presented to the Audit Committee and approved (February 2009)

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. In order to achieve an effective system of internal control we have established a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget approved by the Executive Committee and reviewed and agreed by the Far Eastern Group of the Foreign and Commonwealth Office
- a thorough review of the accounting system of GBCC on the appointment of a new Finance Director with amendments being made to improve the budgetary controls of GBCC's finances
- regular reviews by the Executive Committee of quarterly and annual financial reports which indicate financial performance against the budget
- setting targets to measure financial and other performance
- formal project management disciplines
- a system of risk assessment and management

- an internal audit function provided by an independent firm of auditors which operates to standards defined in the Government Internal Audit Standards. The work of internal audit is informed by an analysis of the risk to which the GBCC is exposed and annual internal audit plans are based on this analysis. The analysis of risk and internal audit plans are approved by me, reviewed by the Audit Committee and endorsed by the GBCC's Executive Committee. Reports are provided to the GBCC's Executive Committee, Far Eastern Group of the Foreign and Commonwealth Office and the Head of the Internal Audit Unit of the Foreign and Commonwealth Office

My review of the effectiveness of the system of internal control includes the findings from the work of the internal auditor. On this basis, I consider that the risk management, control and governance procedures & arrangements are adequate and effective enough to achieve management objectives.

Katie Lee
Director and Accounting Officer

The Certificate and Report of the Comptroller and Auditor General to the Members of The Great Britain China Centre

I certify that I have audited the financial statements of the Great Britain China Centre for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the director & accounting officer and auditors

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Directors' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I report to you whether, in my opinion, the information given in the Directors' Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if, in my opinion, the Great Britain China Centre has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent misstatements within it.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opions

In my opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its deficit for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on the financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
London SW1W 9SS

6 July 2009

Income & Expenditure Account for the year ended 31 March 2009

	Notes	2009 £	2008 £
Income from activities	2	1,018,896	732,597
Cost of activities		(883,184)	(667,272)
Net funds generated from activities		135,712	65,325
Administration expenses		(407,832)	(369,107)
Net expenditure for year before interest		(272,120)	(303,782)
Interest receivable		3,316	4,242
Net expenditure for the year before tax		(268,804)	(299,540)
Taxation on interest received	5	(700)	(848)
Net expenditure for the year	11	(269,504)	(300,388)

Continuing operations

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

Statement of total recognised gains and losses

The company has no gains or losses other than the (deficit) / surplus for the above two financial years.

Balance Sheet as at 31 March 2009

	Notes	2009 £	2008k £
Fixed assets			
Tangible assets	6	5,566	7,979
Current assets			
Debtors	7	203,506	125,190
Cash at bank and in hand	8	391,632	308,938
		<u>595,138</u>	<u>434,128</u>
Creditors			
Amounts falling due within one year	9	<u>(382,246)</u>	<u>(257,145)</u>
Net current assets		<u>212,892</u>	<u>176,983</u>
Total assets less current liabilities		<u>218,458</u>	<u>184,962</u>
Provision for liabilities and charges	10	(3,000)	–
Total assets less liabilities		<u>215,458</u>	<u>184,962</u>
Capital and reserves			
Income and expenditure account	11	<u>215,458</u>	<u>184,962</u>

The financial statements were approved by the Board on 30 June 2009.

Peter Batey
Chairman

Chris Fitzgibbon
Honorary Treasurer

Katie Lee
Accounting Officer

Cash Flow Statement for the year ended 31 March 2009

Cash Flow Statement	Notes	2009 £	2008 £
Net cash outflow from operating activities	12	(219,922)	(399,352)
Grant in aid received	11	300,000	300,000
Returns on investments and servicing of finance	13	3,316	4,242
Taxation		(700)	(817)
Capital expenditure	13	–	–
(Decrease)/increase in cash		<u>82,694</u>	<u>(95,927)</u>
Reconciliation of net cash flow to movement in net asset			
(Decrease)/increase in cash in the period		<u>82,694</u>	<u>(95,927)</u>
Change in net assets	8	82,694	(95,927)
Net funds at 1 April		<u>308,938</u>	<u>404,865</u>
Net funds at 31 March		<u>391,632</u>	<u>308,938</u>

Notes to the Accounts for the year ended 31 March 2009

1 Accounting policies

Accounting convention

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

Depreciation

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

Computer and software	25% on cost
Fixtures, fittings and equipment	20% on the reducing balance

Foreign currencies

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

Pensions

The company is a member of the Principal Civil Service Pension Scheme (PCSPS) and for accounting purposes, it is treated a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Investments

Investments are stated at cost less provision for diminution in value.

Grants for capital expenditure

Grants towards capital expenditure are credited to deferred revenue and released to the income and expenditure account over the expected useful life of the assets.

2 Income and Expenditure

Income is recognised in the period which it is receivable and expenditure is charged in the period to which it relates.

Income consists of income generated by the Centre from its activities. Grant in aid received from the FCO is now treated as financing through the Income and Expenditure reserve.

3 Operating deficit

	2009 £	2008 £
This is stated after charging:		
Depreciation of owned fixed assets	2,411	5,763
Auditors' remuneration	4,900	2,430
Operating lease payments	42,140	43,684
Increase in provisions	3,000	–
Foreign exchange losses	434	–
	<u> </u>	<u> </u>

4 Staff costs

	2009 £	2008 £
Wages and salaries	234,611	223,919
Social security costs	19,906	17,890
Other pension costs	52,015	45,599
	<u>306,532</u>	<u>287,408</u>

All staff are permanent UK staff

Average number of employees during the year

	2009	2008
Administration and activities	<u>7</u>	<u>7</u>

Included in total salaries are the Executive Secretary's salary of £70,000 (2008 - £62,292). The Executive Secretary is a member of the Centre's non-contributory pension scheme.

The Great Britain China Centre was admitted to the Principal Civil Service Pension Scheme (PCSPS) on 1 September 2002. The accrued benefits for staff members of the Centre's previous by-analogy scheme were transferred to the PCSPS. It is a condition that on admission to the PCSPS, the centre is required to pay each year an accruing superannuation liability charge for the staff members in the scheme. The charge for the year was £55,370 (2008 - £45,599).

5 Tax on interest received

	2009 £	2008 £
UK corporation tax at 20%	<u>700</u>	<u>848</u>

6 Tangible fixed assets

	Computers & Software	Fixtures & Fittings £	Office Equipment £	Total £
Cost				
At 1 April 2008	16,797	17,558	8,006	42,361
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2009	<u>16,797</u>	<u>17,558</u>	<u>8,006</u>	<u>42,361</u>
Depreciation				
At 1 April 2008	15,090	14,349	4,943	34,382
Charge for the year	1,157	642	614	2,413
At 31 March 2009	<u>16,247</u>	<u>14,991</u>	<u>5,557</u>	<u>36,795</u>
Net book value				
At 31 March 2009	<u>550</u>	<u>2,567</u>	<u>2,449</u>	<u>5,566</u>
At 31 March 2008	<u>1,707</u>	<u>3,209</u>	<u>3,063</u>	<u>7,979</u>

7 Debtors

	2009	2008
	£	£
Other debtors	186,691	2,948
Prepayments and accrued income	16,815	122,242
	<u>203,506</u>	<u>125,190</u>

8 Cash at bank

	At 1 April	Cash flows	At 31 March
	2008		2009
	£	£	£
Cash at bank and in hand	<u>308,938</u>	<u>82,694</u>	<u>391,632</u>

9 Creditors: amounts falling due within one year

	2009	2008
	£	£
Corporation tax	700	848
Other taxes, social security costs & pension costs	7,488	-
Other creditors	53,138	15,155
Accruals and deferred income	320,920	241,144
	<u>382,246</u>	<u>257,147</u>

10 Pension provision

A provision of £3,000 which is due to be met in 2009/10 has been made for an early retirement pension liability.

	2009	2008
	£	£
Balance at 1st April	-	-
Provision due to be met next year	3,000	-
Balance at 31st March	<u>3,000</u>	<u>-</u>

11 Income and expenditure account

	2009	2008
	£	£
At 1 April 2008	184,962	185,350
Net expenditure for the year	(269,504)	(300,388)
Financing received – grant in aid	300,000	300,000
At 31 March 2008	<u>215,458</u>	<u>184,962</u>

12 Reconciliation of operating deficit to net cash inflow from operating activities

	2009	2008
	£	£
Net expenditure for year before interest	(272,120)	(303,782)
Depreciation charges	2,413	5,763
Loss on disposal of fixed assets	–	–
(Increase)/decrease in debtors	(78,316)	(107,386)
Increase/(decrease) in creditors	125,101	6,053
Increase/(decrease) in provisions	3,000	–
Net cash outflow from operating activities	<u>(219,922)</u>	<u>(399,352)</u>

13 Gross cash flows

	2009	2008
	£	£
Returns on investments and servicing of finance		
Bank interest received	<u>3,316</u>	<u>4,242</u>
Capital expenditure		
Payments to acquire tangible fixed assets	<u>–</u>	<u>–</u>

14 Operating lease commitments

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	Land & Buildings	Equipment	2009	2008
	£	£	£	£
Within one year	–	488	488	–
Between one and five years	<u>43,435</u>	<u>–</u>	<u>43,435</u>	<u>41,715</u>
	<u>43,435</u>	<u>488</u>	<u>43,923</u>	<u>41,715</u>

15 Related party transactions

The Foreign & Commonwealth Office (FCO) is regarded as a related party. GBCC is an Executive Non Departmental Government Body (NDPB) and in 2008/09, received £300,00 Grant in Aid from the FCO and had various other material transactions with it.

The UK China Forum (UKCF) is also regarded as a related party. A GBCC Director is a Board Member of the UKCF Board. In 2008/09, GBCC received £40,000 administration fee from the UKCF and the GBCC had £9,346 of recoverable expenses from the UKCF. No debts were written off.

16 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.

Unaudited Detailed Income and Expenditure Account for the year ended 31 March 2009

	Schedules	2009 £	2008 £
Funds generated			
Information services	1	5,271	7,007
Administration of trust		5,288	5,161
UK China Forum – Contribution to office costs		40,000	–
Exchange programme grants	2	962,479	718,129
Miscellaneous		5,858	2,300
		<u>1,018,896</u>	<u>732,597</u>
Cost of activities			
Exchange programme – funded	2	869,985	650,815
Exchange programme – other	3	7,928	9,236
Information services	1	5,271	7,221
		<u>883,184</u>	<u>667,272</u>
Net funds generated from activities		<u>135,712</u>	<u>65,325</u>
Administrative expenses	4	(407,832)	(369,107)
Net expenditure for year before interest		<u>(272,120)</u>	<u>(303,782)</u>
Interest receivable		3,316	4,242
Net expenditure for the year before tax		<u>(268,804)</u>	<u>(299,540)</u>

Unaudited Schedules to the Income and Expenditure Account for the year ended 31 March 2009

1 Information services

			2009 £	2008 £
	Income	Expenditure	Net	Net
Publications	4,341	5,271	(930)	297
Advertising	930	–	930	–
Lectures and seminars	–	–	–	(511)
	<u>5,271</u>	<u>5,271</u>	<u>–</u>	<u>(214)</u>

2 Exchange programme (funded)

	Funding Body	Income £	Expenditure £	Net £
Legal development:				
Judicial management	SPF	20,956	20,770	186
Judges training	MOJ	188,521	188,521	–
Lawyers law	SPF	6,663	6,663	–
Mutual legal assistance	SPF	24,339	24,102	237
Judicial seminar	SPF/MOJ	14,440	14,440	–
Death penalty judges training	SPF	18,473	18,473	–
Death penalty Yunnan pilot	SPF	29,163	29,178	(15)
EU Death penalty	EU/SPF	234,190	235,266	(1,076)
EU Torture project 1	EU/SPF	201,036	205,729	(4,693)
EU Torture project 2	EU/SPF	49,521	49,521	–
Economic reform:				
CSR review	SPF	5,000	4,184	816
Public finance management	SPF	73,138	73,138	–
		<u>865,440</u>	<u>869,985</u>	<u>(4,545)</u>
Project management fees		54,317		
		<u>919,757</u>		
EU Death penalty & Torture project salary recovered		42,722		
		<u>962,479</u>		

3 Exchange programme expenditure (other)

	2009 £	2008 £
Project development	7,928	902
Staff travel to China	–	8,153
Shenzen visit	–	181
	<u>7,928</u>	<u>9,236</u>

4 Administrative expenses

	2009	2008
	£	£
Wages and salaries	234,611	223,919
Employer's NI	19,906	17,890
Pension contributions	52,015	45,599
Staff training and welfare	2,129	487
Travel and subsistence	5,246	4,323
Rent	26,709	25,413
Service charges	17,221	18,480
Telephone, fax, e-mail and website	7,323	3,876
Postage	1,012	968
Stationery and printing	3,544	1,729
Publications	370	437
Equipment hire	-	-
Computer maintenance and software	5,558	3,408
Repairs and maintenance	519	164
Depreciation	2,411	5,763
Loss on disposal of fixed assets	-	-
Sundry expenses	364	342
Audit and accountancy fees	12,444	11,915
Professional fees	5,645	-
Recruitment costs	6,653	-
GBCC corporate image and promotion	224	1,964
Insurance	1,252	1,243
Bank charges	809	339
Bad debt	1,867	-
Corporation tax	700	848
	<u>408,532</u>	<u>369,107</u>
Less:		
Covered by management fees	(94,317)	(45,039)
Salary cost recovered (see schedule item 2)	(42,722)	(25,525)
	<u>271,493</u>	<u>298,543</u>



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