

**THE SINO-BRITISH FELLOWSHIP TRUST**

**THE SINO-BRITISH FELLOWSHIP TRUST  
(Charitable Incorporated Organisation)  
Registered Charity Number 1174487**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

**THE SINO-BRITISH FELLOWSHIP TRUST**  
**ANNUAL REPORT OF THE TRUSTEES**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

**REFERENCE, LEGAL AND ADMINISTRATIVE INFORMATION**

**Trustees**

Mrs A.E. Ely, Chairman and Honorary Director  
Emeritus Professor H.D.R Baker, BA, PhD  
Mr P. J. Ely, BA(Hons), IPFA, Deputy Chairman  
Emeritus Professor R.J. Foot, FBA  
Professor W.W.C. Luk, FREng, CEng, CITP, FBCS, MIET, FIEEE  
Emeritus Professor G.D.W. Smith, FRS, FIMMM, FInstP, FRSC, CPhys, CEng  
Mrs L. Thompson, OBE  
Dr F. Wood

**Honorary Advisor**

Lady Pamela Youde, OBE

**Office**

23 Bede House  
Manor Fields  
Putney Heath  
London SW15 3LT

**Bankers**

Coutts & Co  
440 Strand  
London WC2R 0QS

**Solicitors**

Farrer & Co  
66 Lincoln's Inn Fields  
London WC2A 3LH

**Investment Advisers**

HSBC Private Bank (UK) Ltd  
78 St James's Street  
London SW1A 1JB

**Investment Custodian**

HSBC Global Asset Management (UK) Ltd  
8 Canada Square  
Canary Wharf  
London E14 5HQ

**Auditor**

Braidwood Wheeler & Co  
Chartered Certified Accountants  
Goodman House  
13a West Street, Reigate  
Surrey RH2 9BL

# **THE SINO-BRITISH FELLOWSHIP TRUST**

## **ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2019 (continued)**

The trustees present their report along with the financial statements of the Charitable Incorporated Organisation (CIO) for the period ended 31 December 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the CIO's Constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

### **OBJECTIVES**

The CIO budgets to spend the income available for grants each year, based on the estimated investment income, in furtherance of the Objects stated below;

In advancing education and training in any subject:

- (a) by awarding scholarships or grants to students and academic staff at universities, other higher education institutions and vocational training institutions in Britain to enable them to undertake study or research, to attend or participate in academic and professional conferences, courses, placements, seminars and similar events in China;
- (b) by awarding scholarships or grants to students and academic staff at universities, other higher education institutions and vocational training institutions in China to enable them to undertake study or research, to attend or participate in academic and professional conferences, courses, placements, seminars and similar events in Britain;
- (c) by promoting the study of Chinese languages and
- (d) by enabling students and academic staff to participate in joint Chinese/British educational programmes and courses, including academic and other educational exchanges between Hong Kong and China.

### **SIGNIFICANT ACTIVITIES**

Annual grants to Institutions amounted to £373,970 (2018 £417,100) and individual grants of £ 63,061(2018 £52,716) were awarded during the year.

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2019 (Continued)**

#### **PUBLIC BENEFIT**

The Trustees have reviewed the outcomes and achievements of the objectives and activities for the period, to ensure they remain focused on the charitable aims, and continue to deliver benefits to the public. The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the CIO.

Under the Charities Act 2011, the advancement of education and of the arts, culture, heritage or science is recognised as a distinct statutory charitable purpose.

Benefits of the CIO's works:

The promotion of knowledge and raising standards by:

- funding for senior academics from China to visit the UK to undertake new and/or on-going research with British colleagues. Such results are disseminated through publications either on-line, in peer-reviewed journals and/or at International Conferences;
- funding for senior academics from Britain to visit China to undertake new and/or on-going research with Chinese colleagues, with results disseminated as indicated above;
- support for institutions, and subject areas, which have limited access to other funding sources;
- funding to support the development of Primary Health Care in China;
- the provision of bursaries to particular educational establishments for selected postgraduate scholars from China to study in the UK and
- funding to enable academics to enhance their knowledge of Chinese languages.

#### **GRANT MAKING POLICY**

The CIO receives applications for grants from individuals and also makes annual grants to institutions. If the applications are within the CIO's Objects and Terms of Reference, grants are awarded provided funds are available. The institutions supply details of the awards made from their annual grants and the trustees ensure these comply with the Objects and Terms of Reference for individual applications.

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2018 (Continued)**

#### **ACHIEVEMENTS AND PERFORMANCE**

During 2019 the CIO gave grants to 9 UK institutions, 5 overseas institutions and 6 individuals. Our grants to partner institutions enabled around 200 academics to take part in research visits and academic exchanges between the UK and China.

Funding to institutions is often given through 3 or 5 year agreements. These allow both SBFT and our partner institutions to plan ahead, and to review our grant arrangements regularly. During 2019 we renewed three agreements, with Kingston University, the Open University of Hong Kong and China Scholarship Council.

Our continuing partnership with the University of Birmingham continues to support the development of primary health care in China, enabling Chinese doctors and other health professionals to visit the UK and see the UK primary healthcare system first hand, and also allows UK health professionals to visit China to take part in conferences, seminars and other training opportunities.

#### **FINANCIAL REVIEW AND INVESTMENT POLICY**

The income of the CIO derives solely from its investments and no appeals are made to the general public or any government agency for funds. Total income for the year to 31 December 2019 amounted to £ 533,239 (2018 (9 months) £387,875). The cost of raising funds was £78,838 (2018 £59,625) and expenditure on charitable activities amounted to £494,033 (2018 £525,943). The grants awarded were slightly less than a normal year due to delays in some of the regular 3 year grants being renewed. Total expenditure was £572,871 (2018 £585,568) giving net outgoing resources of £39,632 (2018 outgoing resources of £197,693). The general reserves increased to £959,111 from £919,905 in the previous period.

In accordance with the powers given in the Constitution the trustees have delegated responsibility for the management of the investment portfolio to HSBC Private Bank (U.K.) Ltd., the investment advisers. The investment policy is to obtain a reasonable long-term overall return at a moderate level of risk. Performance is monitored by the Investment Committee of Mrs A.E. Ely, Mr P.J. Ely, Mrs L. Thompson and Dr F. Wood. There was a large gain on the investments and the value of the endowment fund increased by £1,855,489 to £17,349,772. The performance of the investment portfolio (net of fees) was an increase of 16.14% (2018 decreased by 3.96%) compared with the benchmark of 16.04%. The UK CPI (UK inflation) for the same period was 1.4% and the target for the long term for the fund is to beat inflation, net of fees and so this year the target was easily achieved.

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2019 (Continued)**

#### **RISK MANAGEMENT**

The trustees are responsible for the CIO's risk management mitigation systems and reviewing procedures. The trustees have examined the major strategic, business and operational risks which the CIO faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to mitigate these risks. The systems are reviewed annually by the Finance Committee and Board.

#### **FUTURE PLANS AND CHARITABLE STATUS**

Future plans are to develop existing partnerships and, where appropriate, new collaborations, to continue grant making in accordance with the charity objectives.

#### **RESERVES POLICY**

In the opinion of the trustees the assets of the CIO are sufficient to meet its liabilities on a fund by fund basis. The trustee's powers of investment to expend capital and income are not restricted in the Constitution of the CIO.

In accordance with the original wishes of those providing funds to set up the charity, the trustees have reclassified the Investment Fund as Expendable Endowment Funds, representing the residue of the original funding, and the remainder, representing net incoming resources for the year, as the Unrestricted Funds.

In considering the amount of income available for grants the trustees have in mind the following criteria:

1. Amounts should be retained to provide for future plans and commitments, and
2. Unrealised investment gains should be retained as part of the Expendable Endowment Funds to cover the risk of any future downturn in the market.

The trustees believe that grants should continue to be awarded up to the amount of net cash income available in any year, subject to the quality of the applications received. The remaining funds should be maintained at a level which is suitable to allow the trustees to ensure the level of working capital is sufficient to meet the day to day needs of the CIO.

The free reserves of the CIO at 31 December 2019 were £682,954 (2018 £637,730). The trustees consider it to be prudent to retain a minimum of 6 months investment income as free reserves.

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2019 (Continued)**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Sino-British Fellowship Trust is a Charitable Incorporated Organisation (CIO) registered on 4<sup>th</sup> September 2017. The registered charity number is 1174487. The CIO was set up to take over the work of the charity of the same name (registered charity number 313669). The assets of the former charity were transferred to the CIO on 1<sup>st</sup> April 2018 and the former charity was removed from the Register of Charities on 13<sup>th</sup> November 2018.

The trustees who have served during the period and since the period end are set out on page 1. Trustees are appointed by the existing trustees and serve for a period of five years after which period they may put themselves up for re-appointment. The trustees meet at least twice a year to agree on the award of grants and to discuss the aims of the CIO. The day to day management of the CIO has been delegated to Mrs A. E. Ely and Mr P. J. Ely. The CIO also has committees that are delegated the responsibility for overseeing and monitoring key areas of activity within the organisation and reporting to the Board of Trustees. In the opinion of the trustees the operations of the CIO in the past 12 months in reviewing and approving grant applications are in accordance with its objects.

#### **TRUSTEE RECRUITMENT AND TRAINING**

The board of trustees consists of at least five members who, as charity trustees, have the legal responsibility for the effective use of the CIO's resources in accordance with the Objects and Terms of Reference of the CIO. Trustees are not remunerated but reasonable expenses are paid.

The CIO does not have an active policy to recruit new trustees, but in the past has approached persons known to have an interest in related activities or who have worked for Institutions the CIO has supported with grants.

Every prospective trustee is provided with information about the CIO's constitution, policies and activities together with information on the Charity Commission guidance. Trustees are offered the opportunity to attend further training courses should they wish to do so.

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2019 (Continued)**

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the trust and of the incoming resources and application of resources of the trust for that period. In preparing these financial statements the trustees are required to:

1. select suitable accounting policies and apply them consistently;
2. observe the methods and principles in the Charities SORP;
3. make judgements and estimates that are reasonable and prudent;
4. state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements, and
5. prepare financial statements on the going concern basis unless it is inappropriate to assume that the Trust will be able to continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 25 June 2020 and signed on their behalf by:

A. E. Ely

Mrs A.E. ELY Chairman



## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019**

#### **Opinion**

We have audited the financial statements of Sino-British Fellowship Trust (the charity) for the period ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31<sup>st</sup> December 2019 and of its incoming resources and application of resources for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## THE SINO-BRITISH FELLOWSHIP TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Charities Act 2011, section 144 and report in accordance with regulations made under the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

David Wheeler F.C.C A.  
Senior Statutory Auditor  
For and on behalf of  
**Braidwood Wheeler & Co – Statutory Auditor**  
**Chartered Certified Accountants**  
Goodman House  
13a West Street  
Reigate  
Surrey  
RH2 9BL  
Date: 1.7.2020

**THE SINO-BRITISH FELLOWSHIP TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019**

	<b>Unrestricted Fund £</b>	<b>Expendable Endowment Fund £</b>	<b>December 2019 12 months Total £</b>	<i>December 2018 9 months Total £</i>
<b>INCOME AND ENDOWMENTS</b>				
Income from investments (Note 3)	531,563		531,563	387,156
Interest	1,676		1,676	719
<b>TOTAL INCOME</b>	<b>533,239</b>		<b>533,239</b>	<b>387,875</b>
<b>EXPENDITURE</b>				
<b>Costs of raising funds</b>				
Investment management fee (Note 1h)		78,838	78,838	59,625
<b>Expenditure on Charitable Activities (Note 5)</b>				
Grants to British academics for study visits to China – object (a)	114,059		114,059	105,627
Grants to Chinese academics for study visits to Great Britain – object (b)	314,201		314,201	322,182
Promotion of Chinese language studies – object (c)	8,196		8,196	28,950
Joint UK /China academic programmes, and exchanges between Hong Kong and other parts of China – object (d)	57,577		57,577	69,184
<b>TOTAL EXPENDITURE</b>	<b>494,033</b>	<b>78,838</b>	<b>572,871</b>	<b>585,568</b>
<b>NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS</b>	<b>39,206</b>	<b>(78,838)</b>	<b>(39,632)</b>	<b>(197,693)</b>
Net investment gains/(losses):				
Realised gains/(losses):		719,701	719,701	106,520
Unrealised gains/(losses):		1,214,626	1,214,626	(686,866)
<b>NET INCOME/(EXPENDITURE)</b>	<b>39,206</b>	<b>1,855,489</b>	<b>1,894,695</b>	<b>(778,039)</b>
Transfer between funds (Note 8)	-	-	-	-
<b>NET MOVEMENT IN THE FUNDS FOR THE YEAR</b>	<b>39,206</b>	<b>1,855,489</b>	<b>1,894,695</b>	<b>(778,039)</b>

THE SINO-BRITISH FELLOWSHIP TRUST

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019  
(continued)

	Unrestricted Fund	Expendable Endowment Fund	December 2019 12 months Total	December 2018 9 months Total
<b>RECONCILIATION OF FUNDS</b>				
<b>NET MOVEMENT IN THE FUNDS FOR THE YEAR</b>	39,206	1,855,489	1,894,695	(778,039)
<b>Funds Brought Forward At 1<sup>st</sup> January 2019</b>	919,905	15,494,283	16,414,188	
<b>Funds Transferred from Charitable Trust</b>	-	-	-	17,192,227
<b>FUNDS CARRIED FORWARD 31 DECEMBER 2019</b>	<b>959,111</b>	<b>17,349,772</b>	<b>18,308,883</b>	<b>16,414,188</b>
<b>Represented by:</b>				
Tangible fixed assets	276,157		276,157	282,175
Fixed assets investments		17,073,448	17,073,448	15,215,413
Net current assets	682,954	276,324	959,278	916,600
<b>TOTAL NET ASSETS 31 DECEMBER 2019</b>	<b>959,111</b>	<b>17,349,772</b>	<b>18,308,883</b>	<b>16,414,188</b>

The notes on pages 14 to 23 form part of these financial statements.

**THE SINO-BRITISH FELLOWSHIP TRUST**

**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2019**

	<b>December 2019 12 months £</b>	<b>December 2019 12 months £</b>	<b><i>December 2018 9 months £</i></b>
<b>FIXED ASSETS</b>			
<b>Tangible Assets (Note 2b)</b>			
Leasehold property		273,830	279,536
Furnishings		2,093	2,326
Computer Equipment		234	313
<b>Total Fixed Assets</b>		<hr/> 276,157	<hr/> 282,175
<b>Investments (Note 2a)</b>		17,073,448	15,215,413
 <b>CURRENT ASSETS</b>			
Debtors, prepayments and accrued income	4,044		7,616
Investment cash held by broker (Note 2a)	297,035		298,173
Income due from broker	7,559		11,507
Cash at bank and in hand	861,707		816,312
<b>Total Current Assets</b>	<hr/> 1,170,345		<hr/> 1,133,608
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year			
Other creditors	184,857		186,505
Accruals	26,210		30,503
<b>Total Current Liabilities</b>	<hr/> 211,067		<hr/> 217,008
<b>Net current assets</b>		<hr/> 959,278	<hr/> 916,600
<b>NET ASSETS</b>		<hr/> <b>18,308,883</b>	<hr/> <b>16,414,188</b>
<b>THE FUNDS OF THE CHARITY (Note 1b)</b>			
Expendable Endowment (note 2a)		17,349,772	15,494,283
General fund		959,111	919,905
<b>TOTAL CHARITY FUNDS</b>		<hr/> <b>18,308,883</b>	<hr/> <b>16,414,188</b>

Approved by the Trustees on 25 June 2020 and signed on their behalf

A.E. ELY	A.E. Ely	)	
		)	
		)	Trustees
P.J.ELY	P.J.Ely	)	
		)	

The notes on pages 14 to 23 form part of these financial statements

**THE SINO-BRITISH FELLOWSHIP TRUST**

**STATEMENT OF CASHFLOWS  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Cashflows from operating activities (Note 7)</b>	( 569,224)	(381,371)
<b>Cashflows from investing activities</b>		
Investment income	533,239	387,875
Proceeds from sale of fixed assets	-	-
Purchase of fixed assets	-	-
Proceeds from sale of investments	9,405,660	3,281,390
Purchase of investments	(9,329,366)	(3,388,160)
<b>Net cash provided by investing activities</b>	<u>609,533</u>	<u>281,105</u>
 <b>Change in cash and cash equivalents in the period (Note 8)</b>	 40,309	 ( 100,266)
 <b>Cash and cash equivalents at 1 January 2019</b>	 1,125,992	 1,226,258
 <b>Cash and cash equivalents at 31st December 2019</b>	 <u><u>1,166,301</u></u>	 <u><u>1,125,992</u></u>

The notes on pages 14 to 23 form part of these financial statements

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019**

The Sino British Fellowship Trust is a charitable incorporated organisation which is registered with the Charity Commission in England and Wales Number 1174487

#### **1. ACCOUNTING POLICIES**

##### **a) Basis of preparation and assessment of going concern**

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

##### **b) Fund Accounting**

The expendable endowment fund represents the charity's investments. The fund includes cash held by the Charity's brokers, who have a discretionary management agreement. Investment gains, losses and management fees are included in the expendable endowment fund.

##### **c) Income recognition**

Investment income and interest are recognised under the accruals concept. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date.

##### **d) Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are recognised under the accruals concept. Support costs represent the expenditure incurred in making and controlling grant awards. Governance costs represent the other expenditure associated with the constitutional and statutory requirements of the charity.

##### **e) Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

# THE SINO-BRITISH FELLOWSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

### 1. ACCOUNTING POLICIES (Continued)

#### f) Depreciation

Tangible fixed assets above a value of £500 are capitalised and are depreciated over their estimated useful life at the following rates:-

Leasehold property	2%	on reducing balance
Furnishings	10%	on reducing balance
Equipment	25%	on reducing balance

#### g) Fixed asset Investments

Investments are revalued to market value as at the balance sheet date and the surplus or deficit of this revaluation is shown as unrealised gains or losses on the face of the Statement of Financial Activities. Realised gains and losses represent the difference between the sales proceeds and the opening market value or their purchase value if acquired subsequent to the first day of the financial period. Unrealised gains and losses are calculated as the difference between the fair value at the period end and their carrying value.

The main form of financial risk faced by the charity is that of volatility in investment markets.

#### h) Costs of raising funds

Costs of raising funds comprise those costs directly attributable to managing the investment portfolio and raising investment income.

#### i) Charitable activities

Expenditure on charitable activities includes grants made, together with governance costs and support costs apportioned pro rata to the grants awarded, as shown in note 5.

#### j) Grants

Grants to institutions are recognised in the Statement of Financial Activities in the period in which the commitment is made, subject to the fulfilment of the conditions which apply to each grant. Grants whose conditions have been fulfilled, but which have not yet been paid are recognised as a liability in the balance sheet. Grants which have been agreed in principle but whose conditions have not yet been fulfilled are not considered material.

Grants to individuals are recognised in the Statement of Financial Activities in the period in which the commitment is made.



THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

2(a). FIXED ASSET INVESTMENTS

Movement in fixed asset listed investments

	December 2019 12 months £	December 2018 9 months £
Market value at 31 December 2018	15,215,413	15,795,509
Additions to investments at cost	9,329,366	3,388,160
Disposals	(9,405,660)	(3,281,390)
Net realised gains	719,701	
Net gain (loss) on revaluation	1,214,626	(686,866)
Market value as at 31 December 2019	<b>17,073,446</b>	15,215,413
Cash held by broker	297,036	298,173
	17,370,482	15,513,586
Management fee creditor	(20,710)	(19,303)
<b>Expendable Endowment Fund</b>	<b>17,349,772</b>	15,494,283

Investments at market value comprised:

	December 2019 12 months £	December 2018 9 months £
Fixed Income Mutual Funds	4,122,983	3,288,039
Equity Mutual funds Funds	8,577,903	8,534,326
Equities	2,210,104	2,507,209
Alternatives	2,162,456	885,839
	<b>17,073,446</b>	<b>15,215,413</b>

# THE SINO-BRITISH FELLOWSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

### 2(b). TANGIBLE FIXED ASSETS

	Leasehold Property £	Furnishings £	Computer Equipment £	Total £
Cost:				
At 31 December 2018	388,138	2,514	384	<b>391,036</b>
Additions during the period	-	-	-	-
	<hr/> 388,138	<hr/> 2,514	<hr/> 384	<hr/> <b>391,036</b>
Depreciation:				
At 31 December 2018	108,602	188	71	<b>108,861</b>
Charge for the period	5,706	233	79	<b>6,018</b>
	<hr/> 114,308	<hr/> 421	<hr/> 150	<hr/> <b>114,879</b>
Net book value: <b>At 31 December 2019</b>	<hr/> <b>273,830</b>	<hr/> <b>2,093</b>	<hr/> <b>234</b>	<hr/> <b>276,157</b>
Net book value <b>At 31 December 2018</b>	<b>279,536</b>	<b>2,326</b>	<b>313</b>	<b>282,175</b>

The leasehold property was bought in at net value from the former charity whose work the CIO took over.

The leasehold property is situated at 23 Bede House, Manor Fields, London, SW15 3LT and is held on a 999 year lease from 1 April 1984. It includes garage number 144 which is held on a 99 year lease from 1 April 1969.

All assets are held for the use of charitable purposes.

### 3. INVESTMENTS

**December  
2019  
12 months**      *December  
2018  
9 months*

#### 3 (a) Investment income is analysed as follows:

Fixed Interest Securities	146,165	101,706
Funds	105,338	165,934
Equities	228,662	88,499
Alternatives	51,398	31,017
	<hr/> <b>531,563</b>	<hr/> <b>387,156</b>

# THE SINO-BRITISH FELLOWSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

<b>3 (b) Investments where the market values are considered to be material are:</b>	<b>December 2019 12 months £</b>	<b>December 2018 9 months £</b>
HSBC Asset Management common fund for income 209,482 (515,247)	270,860	644,059
Charities Property Fund 657,987(653,188)	838,671	849,928
HSBC Global Emerg Mkts Bonds 49,423(43,397)	475,402	393,216
HSBC Global FTSE All World Index Instl GBP Dis Nav 124,675(962,462)	212,196	1,362,846
HSBC Global Economic Scale Index GEM Equity Z USD25,015(36,302)	214,586	293,073
HSBC Index Tracker Investment Funds American index 142,412(235,561)	946,041	1,250,123
HSBC Global Investment Funds Emerg Mkts Local Debt Z169,016(200,042)	1,201,168	1,407,179
HSBC FTSE All Share Index Fund 772,079 (641,804)	2,781,802	2,020,399
HSBC Index Tracker Investment Funds Japan Index 185149(537,388)	236,805	608,323
HSBC Index Tracker Fund – FTSE 250 Index 172,528 (172,084)	351,162	277,227
HSBC Index Tracker Fund European Index 41,887(35,574)	403,953	291,746
Ishares Core MSCI World UCITS ETF Hedged GBP 113,879 (168,926)	690,106	835,930
Ishares Core MSCI EM IMI 174,398 (154,382)	621,292	502,323
HSBC Global Investment Funds – Global Asset–Backed Bond 76,423(41,532)	751,543	407,769
Goldman Sachs Cross Asset Trend Portfolio 46,318 (-)	501,421	-
IShares Core MSCI World UCITS ETF Accum USD 35,965 (-)	1,716,609	-
HSBC Global Corporate Bonds (20,268)	218,815	-
HSBC Global SDHYB Shares (30,873)	300,486	-
HSBC Global Asia B shares (21649)	215,686	-
HSBC GI Global Hybrid Shares (22,159)	216,071	-
HSBC US Mlt- FA Institutional Shares (69,780)	264,116	-
HSBC GI MA SF shares (18,935)	209,846	-
AQR Man Fut shares (2,891)	306,817	-
HSBC Multi Fac Shares (35,461)	299,977	-

### 4. GOVERNANCE AND SUPPORT COSTS

#### Support costs

As stated in Note 1(d) support costs represent an apportionment of costs spent in making and controlling grant awards. The Trustees consider that the following costs are a reasonable allocation under this heading.

	<b>December 2019 12 months</b>	<b>December 2018 9 months £</b>
Secretarial, financial and clerical assistance	22,822	16,776
Establishment expenses	13,106	10,086
Stationery, telephone and postage	2,910	3,347
General expenses	1,281	562
Motor and incidental expenses	84	178
AGM and student liaison costs	2,599	5,955
Depreciation	6,018	6,003
	<b>48,820</b>	<b>42,907</b>

**THE SINO-BRITISH FELLOWSHIP TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)**

**4. GOVERNANCE AND SUPPORT COSTS (Continued)**

**Governance costs**

As stated in Note 1(d) governance costs are the costs associated with constitutional and statutory requirements of the charity. The following costs have been incurred under this heading:

	<b>December 2019 12 months</b>	<i>December 2018 9 months</i>
		<i>£</i>
Legal fees- previous years provision reversed	(4310)	848
Accountancy fees	8,905	9,090
Audit fees	2,760	2,760
Trustees travel costs	803	338
Bank charges and interest	24	184
	<b>8,182</b>	<b>13,220</b>

Total support and governance costs are apportioned pro rata to the grants awarded as shown in note 5.

# THE SINO-BRITISH FELLOWSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

### 5. CHARITABLE ACTIVITIES

	Grants	Support and governance costs	Dec-19 12 months Total	Dec-18 9 months Total
	£	£	£	£
<b>Grants to British academics for study visits to China – object (a)</b>				
<b>UK Institutions:</b>				
British Academy	44,000	5,739	49,739	49,257
British Library	0	0	0	10,187
Needham Research Institute	3,850	502	4,352	4,715
School of Oriental & African Studies	11,576	1,510	13,086	9,003
St. Anthony's College	0	0	0	12,314
Universities China Committee London	29,800	3,887	33,687	5,597
<b>Overseas Institutions:</b>		0	0	
Hong Kong University	5,473	714	6,187	6,628
Lingnan University	0	0	0	7,249
Open University of Hong Kong	2,500	326	2,826	
Vocational Training Council (THEi)	1,200	156	1,356	
<b>Individuals (1)</b>	2,500	326	2,826	677
	<u>100,899</u>	<u>13,160</u>	<u>114,059</u>	<u>105,627</u>
<b>Grants to Chinese academics for study visits to Great Britain – object (b)</b>				
<b>UK institutions:</b>				
British Academy	26,000	3,391	29,391	29,107
British Library	0	0	0	15,001
British Museum	12,000	1,565	13,565	13,433
China Kadoorie Biobank	13,800	1,800	15,600	18,248
Great Britain China Educational Trust	47,250	6,163	53,413	31,065
Kingston University	0	0	0	13,434
Needham Research Institute	10,150	1,324	11,474	10,957
Royal Society	37,470	4,887	42,357	42,541
School of Oriental & African Studies	3,424	447	3,871	7,789
St Cross College, University of Oxford	0	0	0	16,792
Universities China Committee London	1,200	156	1,356	
<b>Overseas Institutions:</b>		0	0	
Chinese University of Hong Kong	20,000	2,609	22,609	22,390
Hong Kong University	13,559	1,768	15,327	10,898
Lingnan University	0	0	0	15,139
Open University of Hong Kong	7,534	983	8,517	7,100
Vocational Training Council	12,500	1,630	14,130	13,993
China Scholarship Council	13,000	1,696	14,696	
<b>Individuals (4)</b>	60,061	7,834	67,895	54,295
	<u>277,948</u>	<u>36,253</u>	<u>314,201</u>	<u>322,182</u>

# THE SINO-BRITISH FELLOWSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

### 5. CHARITABLE ACTIVITIES (continued)

#### Promotion of Chinese language studies – object (c)

##### UK Institutions

Great Britain China Educational Trust	2,750	359	<b>3,109</b>	24,908
Universities China Committee London	4,000	522	<b>4,522</b>	
<b>Individuals (1)</b>	500	65	<b>565</b>	4,042
	<u>7,250</u>	<u>946</u>	<u><b>8,196</b></u>	<u>28,950</u>

#### Joint UK /China academic programmes, and exchanges between Hong Kong and other parts of China – object (d)

##### UK Institutions:

British Library	0			4,254
University Birmingham/Peking University	40,000	5,217	<b>45,217</b>	44,779

##### Chinese Institutions:

Hong Kong University	968	126	<b>1,094</b>	4,863
Open University of Hong Kong	9,966	1,300	<b>11,266</b>	15,288
	<u>50,934</u>	<u>6,643</u>	<u><b>57,577</b></u>	<u>69,184</u>

<b>TOTAL GRANTS FOR YEAR</b>	<u>437,031</u>	<u>57,002</u>	<u><b>494,033</b></u>	<u>525,943</u>
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There were 6 (2018: 6) grants to individuals during the year.

The charity is committed to spending £ 567,050 in respect of grants within the following year and £1,015,600 in the two years of 2021 and 2022. Most grants are approved on a 3 year basis with an annual payment each year and many long established grants are renewed after the 3 year period has expired.

### 6. STAFF COSTS

	<b>December 2019 12 months</b>	<i>December 2018 9 months</i> <b>£</b>
Salaries and wages	22,216	16,450
Employer pension contributions	606	329
	<u>22,822</u>	<u>16,779</u>

There is 1 part time member of staff employed by the charity.

# THE SINO-BRITISH FELLOWSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)

### CASHFLOW STATEMENT

#### Note 7

	<b>December 2019 12 months</b>	<i>December 2018 9 months</i>
<b>Net income/ (expenditure) for the period to 31st December 2019</b>	1,894,695	(778,039)
<b>Adjustments for:</b>		
Depreciation charges	6,016	6,004
(Gains)/losses on investments	( 1,934,327)	686,866
Investment income	( 533,239)	(387,875)
(Increase)/decrease in debtors	3,572	1,736
Increase/(decrease) in creditors	(5,941)	89,937
<b>Net cash provided/(used) operating activities</b>	<b>(569,224)</b>	<b>(381,371)</b>

#### Note 8

	<b>December 2019 12 months</b>	<i>December 2018 9 months</i>
<b>Analysis of cash and cash equivalents</b>		
Cash held as part of investment portfolio	304,594	309,680
Cash at bank and in hand	861,707	816,312
<b>Total cash and cash equivalents</b>	<b>1,166,301</b>	<b>1,125,992</b>

### 9. TRUSTEES

No trustee received any remuneration for this period but travelling expenses for relevant charitable activities were paid as necessary.

### 10. TRANSFER

The transfer from the unrestricted fund to the expendable endowment is arrived at as follows:

	<b>December 2019 12 months</b>	<i>December 2018 9 months</i>
		£
Deposit interest transfer	-	585

## NOTES TO THE FINANCIAL STATEMENTS

## **THE SINO-BRITISH FELLOWSHIP TRUST**

### **FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019 (Continued)**

#### **11. RELATED PARTIES**

During the period grants were paid to the Great Britain China Educational Trust. This institution has a trustee in common with the charity. Grants were also paid this year and last year to the British Academy, the Open University of Hong Kong, Needham Research Institute, the Royal Society, St Cross College Oxford, St Antony's College Oxford, and the School of Oriental and African Studies. There are connections with these institutions by virtue of Trustees holding honorary positions. Such grants are of longstanding and have been approved unanimously at Annual General Meeting.

During the period an amount of £300 (2018: £300) was paid to Mr C. Ely for maintaining the Charity's database. His wife, Mrs A.E. Ely is the Chairman of the Trustees and his son, Mr P.J. Ely, is Deputy Chairman. The payment was approved by all Trustees.

The furnishings in Bede House were donated to the Charity in 2005 by the Elizabeth Frankland Moore Foundation and the foundation has a trustee in common with the Charity.

#### **12. CORONAVIRUS COVID 19 UPDATE**

The Trustees of the Sino-British Fellowship Trust CIO have been considering in much detail the possible impact of the coronavirus Covid 19 on the Charity. A Finance and Investment Committee meeting was held on Zoom on 30<sup>th</sup> April 2020 to discuss current and future issues.

The value of the investments has fallen to approximately £15m by 22 April 2020 which has meant a reduction of approximately £2.3m in the value of the Expendable Endowment Fund. The annual income from investments is likely to be reduced in the current year to approximately £300,000, but there is also likely to be a reduction in grants payable; SBFT funds academic exchanges between the UK and China and travel between the 2 countries has been significantly affected by the virus. This has meant planned research visits, which would have been funded by SBFT grants, have been put on hold.

The free reserves at 31.12.2019 were £682,954 and the Trustees are currently estimating (worst case) that they may be reduced to £468,000 by the end of the year. The accounting year to 31.12.21 will also show a further reduction in free reserves. The Trustees are therefore considering whether to draw on the Expendable Endowment fund if necessary; this is not desirable in the long term.

Therefore the Trustees are confident that even in these very uncertain times the Charity will be able to fund its grant commitments.