

THE SINO-BRITISH FELLOWSHIP TRUST

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

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2020

THE SINO-BRITISH FELLOWSHIP TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE PERIOD ENDED 31 DECEMBER 2020

REFERENCE, LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mrs A.E. Ely, Chairman of the Trustees
Emeritus Professor H.D.R Baker, BA, PhD
Mr P. J. Ely, BA(Hons), IPFA, Deputy Chairman
Emeritus Professor R.J. Foot, FBA
Sir C. Hum, KCMG
Professor W.W.C. Luk, FREng, CEng, CITP, FBCS, MIET, FIEEE
Mrs L. Thompson, OBE
Dr F. Wood

Honorary Advisors

Lady P. Youde, OBE
Mrs H. Day

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 Banking, HSBC UK Bank plc
8 Cork Street, London
W1S 3LJ

Investment Custodian

HSBC Securities Services
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 2020 (continued)

The trustees present their report along with the financial statements of the Charitable Incorporated Organisation (CIO) for the period ended 31 December 2020. 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.

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.

THE SINO-BRITISH FELLOWSHIP TRUST

ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2020 (Continued)

SIGNIFICANT ACTIVITIES

Annual grants to Institutions amounted to £ 237,500 (2019 £373,970) and individual grants of £ 15,960 (2019 £63,061) were awarded during the year.

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 2020 (Continued)

ACHIEVEMENTS AND PERFORMANCE

2020 was dominated by the Covid-19 pandemic, which had a considerable impact on travel between China and the UK, and on academic research collaboration between the two countries. During the year the CIO kept in close touch with partner organisations and individual grant beneficiaries, aiming to maintain support as far as possible as plans were changed in the light of the pandemic.

During 2020 the CIO gave grants to 8 UK institutions, 3 overseas institutions and 3 individuals. Some beneficiaries had completed their research visits before the worst impact on travel; other scholars were part way through their research and the grant enabled their work to continue.

During the year we completed reviews of two longstanding partnerships, with the Royal Society, and with the British Academy. Through these partnerships our grants will in future be supporting UK early career researchers in the sciences as well as the humanities and social sciences as they develop research work with academics in China.

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 2020 amounted to £440,809 (2019 £533,239). The cost of raising funds was 77,774 (2019 £78,838) and expenditure on charitable activities amounted to £ 313,547 (2019 £494,033) The grants awarded were less than in a normal year because of the impact of the pandemic. Total expenditure was £391,321 (2019 £572,871) giving net incoming resources of £ 49,488 (2019 outgoing resources of £39,632). The general reserves increased to £1,086,373 from £959,111 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 considerable market volatility through the year, the final value of the endowment fund decreasing by £502,013 to £16,847,759. The performance of the investment portfolio (net of fees) was a decrease of 0.27% (2019 increased by 16.14%) compared with the benchmark increase of 3.34%. The UK CPI (UK inflation) for the same period was 0.97% and the target for the long term for the fund is to beat inflation, net of fees . This was not achieved this year due to the volatility of the stockmarket caused by the worldwide pandemic.

THE SINO-BRITISH FELLOWSHIP TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE PERIOD ENDED 31 DECEMBER 2020 (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 CIO's objectives.

RESERVES POLICY

The trustees have agreed to retain sufficient funds to cover 3 months expenditure. Should the cash reserves be forecast to fall below this figure, depending on the cash flow requirements at the time, the trustees may at their discretion determine to draw on capital to ensure sufficient funds are available to meet the budgeted expenditure. 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 former 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 2020 were £ 815,959 (2019 £682,954).

THE SINO-BRITISH FELLOWSHIP TRUST

ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2020 (Continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sino-British Fellowship Trust is a Charitable Incorporated Organisation (CIO) registered on 4th 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 1st April 2018 and the former charity is now entered on the Register of Merged Charities.

The trustees 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. In June 2020 Emeritus Professor G.D.W. Smith, FRS, FIMMM, FInstP, FRSC, CPhys, CEng retired because of pressure of his other work. His contribution to the work of the CIO, especially through the transition from the old charity, is greatly appreciated. Sir Christopher Hum KCMG was appointed as a Trustee in August 2020 and Mrs Heather Day was appointed an honorary advisor. 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 approaches peoples 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 2020 (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 CIO and of the incoming resources and application of resources of the CIO 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 CIO 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 CIO 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 CIO's constitution. They are also responsible for safeguarding the assets of the CIO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 1st July 2021 and signed on their behalf by:

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 31ST DECEMBER 2020

Opinion

We have audited the financial statements of Sino-British Fellowship Trust (the CIO) for the period ended 31 December 2020 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 CIO's affairs as at 31st December 2020 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 CIO 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CIO'S ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, including the trustees 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 31ST DECEMBER 2020 (Continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the CIO and its environment obtained in the course of the audit, we have not identified any material misstatements in the trustees report.

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;
- adequate and proper accounting records have not been kept;
- certain disclosures of trustees remuneration specified by law are not made; or
- 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 CIO'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 CIO 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.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

THE SINO-BRITISH FELLOWSHIP TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)

Our approach to identifying and assessing the risks of material misstatement due to fraud or other irregularities including non compliance with laws and regulations was as follows:

- The engagement partner ensured that the audit team had the appropriate competence, capabilities and skills in order to identify or recognise non compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with the trustees and management, and from our knowledge of similar charitable organisations.
- We focused on specific laws and regulations which we considered may have a direct effect on the financial statements or the operations of the charity, including relevant legislations such as the Charities Act, as well as employment law, anti bribery and data protection legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and any correspondence with lawyers; and
- Identified laws and regulations were communicated to the audit team and they remained alert to any instances of non compliance throughout the audit.

We assessed the susceptibility of the CIO's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

- Making enquiries of the trustees as to where they considered there was a susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- Identified any unusual or unexpected relationships and sought explanations for the reason for such transactions; and
- Tested journal entries to identify unusual transactions

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included:

- Enquiring of management as to actual or potential litigation and claims;
- Reviewing any correspondence with the CIO's legal advisers.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non compliance.

Auditing standards also limit the audit procedures required to identify non compliance with laws and regulations to enquiry of the trustees and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

THE SINO-BRITISH FELLOWSHIP TRUST

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31ST DECEMBER 2020
(Continued)**

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. This description forms part of our auditor's report.

SignedDavid 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:July 2021

THE SINO-BRITISH FELLOWSHIP TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31ST DECEMBER 2020**

	Unrestricted Fund £	Expendable Endowment Fund £	December 2020 Total £	<i>December 2019 Total £</i>
INCOME AND ENDOWMENTS				
Income from investments (Note 3)	440,227		440,227	531,563
Interest	582		582	1,676
TOTAL INCOME	440,809		440,809	533,239
EXPENDITURE				
Costs of raising funds				
Investment management fee (Note 1h)		77,774	77,774	78,838
Expenditure on Charitable Activities (Note 5)				
Grants to British academics for study visits to China – object (a)	67,544		67,544	114,059
Grants to Chinese academics for study visits to Great Britain – object (b)	220,025		220,025	314,201
Promotion of Chinese language studies – object (c)	11,752		11,752	8,196
Joint UK /China academic programmes, and exchanges between Hong Kong and other parts of China – object (d)	14,226		14,226	57,577
TOTAL EXPENDITURE	313,547	77,774	391,321	572,871
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS	127,262	(77,774)	49,488	(39,632)
Net investment gains/(losses):				
Realised gains/(losses):		(466,953)	(466,953)	719,701
Unrealised gains/(losses):		42,714	42,714	1,214,626
NET INCOME/(EXPENDITURE)	127,262	(502,013)	(374,751)	1,894,695
Transfers between funds	-	-	-	-
NET MOVEMENT IN THE FUNDS FOR THE YEAR	127,262	(502,013)	(374,751)	1,894,695

THE SINO-BRITISH FELLOWSHIP TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31ST DECEMBER 2020
(continued)

	Unrestricted Fund	Expendable Endowment Fund	December 2020 Total	December 2019 Total
RECONCILIATION OF FUNDS				
NET MOVEMENT IN THE FUNDS FOR THE YEAR	127,262	(502,013)	(374,751)	1,894,695
Funds Brought Forward At 1st January 2020	959,111	17,349,772	18,308,883	16,414,188
FUNDS CARRIED FORWARD 31 DECEMBER 2020	1,086,373	16,847,759	17,934,132	18,308,883
Represented by:				
Tangible fixed assets	270,414		270,414	276,157
Fixed assets investments		16,763,328	16,763,328	17,073,448
Net current assets	815,959	84,431	900,390	959,278
TOTAL NET ASSETS 31 DECEMBER 2020	1,086,373	16,847,759	17,934,132	18,308,883

The notes on pages 16 to 25 form part of these financial statements.

THE SINO-BRITISH FELLOWSHIP TRUST

BALANCE SHEET AS AT 31ST DECEMBER 2020

	December 2020 £	December 2020 £	<i>December 2019 £</i>
FIXED ASSETS			
Tangible Assets (Note 2b)			
Leasehold property		268,354	273,830
Furnishings		1,884	2,093
Computer Equipment		176	234
Total Fixed Assets		<u>270,414</u>	<u>276,157</u>
Investments (Note 2a)		16,763,328	17,073,448
 CURRENT ASSETS			
Debtors, prepayments and accrued income	3,422		4,044
Income due from broker	9,777		7,559
Investment cash held by broker (Note 2a)	104,309		297,035
Cash at bank and in hand	867,600		861,707
Total Current Assets	<u>985,108</u>		<u>1,170,345</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Grants payable	56,300		184,300
Other creditors and accruals	28,418		26,767
Total Current Liabilities	<u>84,718</u>		<u>211,067</u>
Net current assets		900,390	959,278
NET ASSETS		<u>17,934,132</u>	<u>18,308,883</u>
THE FUNDS OF THE CHARITY (Note 1b)			
Expendable Endowment (note 2a)		16,847,759	17,349,772
General fund		1,086,373	959,111
TOTAL CHARITY FUNDS		<u>17,934,132</u>	<u>18,308,883</u>

Approved by the Trustees on 1st July 2021 and signed on their behalf

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

The notes on pages 16 to 25 form part of these financial statements

THE SINO-BRITISH FELLOWSHIP TRUST

**STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2020**

	2020	2019
	£	£
Cashflows from operating activities (Note 7)	(511,305)	(569,224)
Cashflows from investing activities		
Investment income	440,809	533,239
Proceeds from sale of fixed assets	-	-
Purchase of fixed assets	-	-
Proceeds from sale of investments	10,538,072	9,405,660
Purchase of investments	(10,652,193)	(9,329,366)
Net cash provided by investing activities	<u>(184,617)</u>	<u>609,533</u>
 Change in cash and cash equivalents in the period (Note 8)	 (184,615)	 40,309
 Cash and cash equivalents at 1 January 2020	 1,166,301	 1,125,992
 Cash and cash equivalents at 31st December 2020	 <u>981,686</u>	 <u>1,166,301</u>

The notes on pages 16 to 25 form part of these financial statements

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2020

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) 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 CIO's ability to continue as a going concern. The most significant areas of uncertainty that affect the carrying value of assets held by the CIO 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 CIO'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 CIO; 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.

d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the CIO 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 CIO.

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 31ST DECEMBER 2020 (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 CIO 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 31ST DECEMBER 2020 (Continued)

2(a). FIXED ASSET INVESTMENTS

Movement in fixed asset listed investments

	December 2020 £	December 2019 £
Market value at 31 December 2019	17,073,446	15,215,413
Additions to investments at cost	10,652,193	9,329,366
Disposals	(10,538,072)	(9,405,660)
Net realised gains	(466,953)	719,701
Net gain (loss) on revaluation	42,714	1,214,626
Market value as at 31 December 2020	16,763,328	17,073,446
Euro adjustment	43	-
Cash held by broker	104,309	297,036
	16,867,680	17,370,482
Management fee creditor	(19,921)	(20,710)
	16,847,759	17,349,772

Expendable Endowment Fund

Investments at market value comprised:

	December 2020 £	December 2019 £
Fixed Income Funds	4,635,739	4,122,983
Equity Mutual Funds	8,881,642	8,577,903
Equities	1,758,584	2,210,104
Other	1,487,363	2,162,456
	16,763,328	17,073,446

THE SINO-BRITISH FELLOWSHIP TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)**

2(b). TANGIBLE FIXED ASSETS

	Leasehold Property £	Furnishings £	Computer Equipment £	Total £
Cost:				
At 31 December 2019	285,280	2,514	384	288,178
Additions during the period	-	-	-	-
	<hr/> 285,280	<hr/> 2,514	<hr/> 384	<hr/> 288,178
Depreciation:				
At 31 December 2019	11,450	421	150	12,021
Charge for the period	5,476	209	58	5,743
	<hr/> 16,926	<hr/> 630	<hr/> 208	<hr/> 17,764
Net book value: At 31 December 2020	<hr/> 268,354	<hr/> 1,884	<hr/> 176	<hr/> 270,414
Net book value At 31 December 2019	273,830	2,093	234	276,157

The leasehold property was bought in at net value from the former charity whose work the CIO took over. The original cost in 2005 was £388,138.

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.

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)

3. INVESTMENTS

December 2020 December 2019

3 (a) Investment income is analysed as follows:

Fixed Income Funds	145,748	146,165
Equity Mutual Funds	202,916	105,338
Equities	60,345	228,662
Other	31,218	51,398
	<hr/> 440,227	<hr/> 531,563

3 (b) Investments where the market values are considered to be material are:

			December 2020	December 2019
<i>Fixed Income Funds</i>	<i>Number of Shares</i>			
HSBC Asset Management Common Fund for Income	0 209,482	-		270,860
HSBC Corporate Bond	1,712 -	426,212		-
HSBC GI Global High Yield Bond Shares	53,602 22,159	524,773		216,071
HSBC Global Asia B shares	29,591 21,649	301,887		215,686
HSBC Global Corporate Bonds	41,165 20,268	459,936		218,815
HSBC Global Emerging Mkts Bonds	75,158 49,423	708,966		475,402
HSBC Global Investment Funds – Global Asset-Backed Bond	45,971 76,423	446,148		751,543
HSBC Global Investment Funds Emerging Mkts Local Debt Z	169,016 169,016	1,371,102		1,201,168
HSBC Global Short Duration HYB Shares	30,873 30,873	298,572		300,486
<i>Equity Mutual Funds</i>				
HSBC Global Economic Scale Index GEM Equity Z USD	0 25,015	-		214,586
HSBC Global FTSE All World Index Instl GBP Dis Nav	0 124,675	-		212,196
HSBC Index Tracker Fund – FTSE 250 Index	0 172,528	-		351,162
HSBC FTSE All Share Index Fund	921,696 772,079	2,913,482		2,781,802
HSBC Index Tracker Fund European Index	53,766 41,887	550,563		403,953
HSBC Index Tracker Investment Funds American index	211,324 142,412	1,575,633		946,041
HSBC Index Tracker Investment Funds Japan Index	213,191 185,149	295,269		236,805
HSBC Multi Fac Shares	85,008 35,461	785,859		299,977
HSBC US MltFA Institutional shares	209,942 69,780	885,958		264,116
Ishares Core MSCI EM IMI	187,424 174,398	751,373		621,292
IShares Core MSCI World UCITS ETF Accum USD	0 35,965	-		1,716,609
IShares Core MSCI World UCITS ETF Hedged GBP	0 113,879	-		690,106
ishares V MSCI World GBP Hedged UCITS	8,954 -	595,799		-
<i>Other</i>				
Charities Property Fund	657,987 657,987	815,575		838,671
Goldman Sachs Cross Asset Trend Portfolio	36,055 46,318	337,486		501,421
AQR Man Fut shares	1,712 2,891	175,291		306,817
HSBC GI MA SF shares	14,172 18,935	159,010		209,846

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)

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.

	December 2020	<i>December 2019</i>
		<i>£</i>
Secretarial, financial and clerical assistance	21,002	22,822
Establishment expenses	13,848	13,106
Stationery, telephone and postage	2,619	2,910
General expenses	673	1,281
Motor and incidental expenses	-	84
AGM and student liaison costs	1,488	2,599
Depreciation	5,743	6,018
	45,373	48,820

Governance costs

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

	December 2020	<i>December 2019</i>
		<i>£</i>
Legal fees- previous years provision reversed	-	(4310)
Accountancy fees	9,398	8,905
Audit fees	5,040	2,760
Trustees travel costs	258	803
Bank charges and interest	18	24
	14,714	8,182

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 31ST DECEMBER 2020 (Continued)

5. CHARITABLE ACTIVITIES

	Grants	Support and governance costs	Dec-20 Total	Dec-19
	£	£	£	£
Grants to British academics for study visits to China – object (a)				
UK Institutions:				
British Academy	0	0	0	49,739
British Library	0	0	0	0
Needham Research Institute	4,000	948	4,948	4,352
School of Oriental & African Studies	0	0	0	13,086
St. Antony's College	11,000	2,608	13,608	0
Universities China Committee London	31,000	7,349	38,349	33,687
Overseas Institutions:				
Hong Kong University	0	0	0	6,187
Lingnan University	8,600	2,039	10,639	0
Open University of Hong Kong	0	0	0	2,826
Vocational Training Council (THEi)	0	0	0	1,356
Individuals (0)	0	0	0	2,826
	<u>54,600</u>	<u>12,944</u>	<u>67,544</u>	<u>114,059</u>

Grants to Chinese academics for study visits to Great Britain – object (b)

UK institutions:				
British Academy	0	0	0	29,391
British Museum	0	0	0	13,565
China Kadoorie Biobank	0	0	0	15,600
Great Britain China Educational Trust	46,500	11,024	57,524	53,413
Needham Research Institute	10,000	2,371	12,371	11,474
Royal Society	71,000	16,832	87,832	42,357
School of Oriental & African Studies	0	0	0	3,871
St Cross College, University of Oxford	15,000	3,556	18,556	0
Universities China Committee London	0	0	0	1,356
Overseas Institutions:				0
Chinese University of Hong Kong	0	0	0	22,609
Hong Kong University	(20,000)	(4,741)	(24,741)	15,327
Lingnan University	7,400	1,754	9,154	0
Open University of Hong Kong	12,500	2,963	15,463	8,517
Vocational Training Council	12,500	2,963	15,463	14,130
China Scholarship Council	9,000	2,134	11,134	14,696
Individuals (2)	13,960	3,309	17,269	67,895
	<u>177,860</u>	<u>42,165</u>	<u>220,025</u>	<u>314,201</u>

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)

5. CHARITABLE ACTIVITIES (continued)

Promotion of Chinese language studies – object (c)

UK Institutions

Great Britain China Educational Trust	3,500	830	4,330	3,109
Universities China Committee London	4,000	948	4,948	4,522
Individuals (1)	2,000	474	2,474	565
	<u>9,500</u>	<u>2,252</u>	<u>11,752</u>	<u>8,196</u>

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

UK Institutions:

University Birmingham/Peking University	0	0	0	45,217
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Chinese Institutions:

Lingnan University	4,000	948	4,948	0
Hong Kong University	0	0	0	1,094
Open University of Hong Kong	7,500	1,778	9,278	11,266
	<u>11,500</u>	<u>2,726</u>	<u>14,226</u>	<u>57,577</u>

TOTAL GRANTS FOR YEAR	253,460	60,087	313,547	494,033
	<u><u>253,460</u></u>	<u><u>60,087</u></u>	<u><u>313,547</u></u>	<u><u>494,033</u></u>

There were 3 (2019: 6) grants to individuals during the year.

The CIO is committed to spending £ 560,620 (2019 £567,050) in respect of grants within the following year and £1,007,865 (£1,015,600) in the two years of 2022 and 2023. 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

	December 2020	<i>December 2019</i>
	£	<i>£</i>
Salaries and wages	20,390	22,216
Employer pension contributions	612	606
	<u>21,002</u>	<u>22,822</u>

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

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)

CASHFLOW STATEMENT

Note 7

	December 2020	December 2019
Net income/ (expenditure) for the period to 31st December 2020	(374,751)	1,894,695
Adjustments for:		
Depreciation charges	5,743	6,016
(Gains)/losses on investments	424,239	(1,934,327)
Investment income	(440,809)	(533,239)
(Increase)/decrease in debtors	622	3,572
Increase/(decrease) in creditors	(126,349)	(5,941)
Net cash provided/(used) operating activities	(511,305)	(569,224)

Note 8

	December 2020 12 months	December 2019 9 months
Analysis of cash and cash equivalents		
Cash held as part of investment portfolio	114,086	304,594
Cash at bank and in hand	867,600	861,707
Total cash and cash equivalents	981,686	1,166,301

9. TRUSTEES

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

10. 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 to the British Academy, the Open University of Hong Kong, Needham Research Institute, the Royal Society, St Cross College Oxford and St Antony's College Oxford. There are connections with these institutions by virtue of Trustees holding honorary positions. Such grants are reviewed annually and have been approved unanimously at Trustees meetings.

During the period an amount of £ 0 (2019: £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 furnishings in Bede House were donated to the former Charity in 2005 by the Elizabeth Frankland Moore Foundation and the foundation has a trustee in common with the Charity.

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2020 (Continued)

11. CORONAVIRUS COVID 19 UPDATE

As mentioned in the Trustees report 2020 was dominated by the Covid-19 pandemic, which had a considerable impact on travel between China and the UK, and on academic research collaboration between the two countries. During the year the CIO kept in close touch with partner organisations and individual grant beneficiaries, aiming to maintain support as far as possible as plans were changed in the light of the pandemic. Travel difficulties resulted in several research initiatives being put on hold so there was a decrease in grants paid out this year; some increase is expected in 2021 although some projects may well be extended through to 2022.

The Income from the CIO all comes from interest and dividends from the investments and as a result of the pandemic it is expected there will be a further decrease in investment income during 2021. The situation is being monitored regularly by the Trustees to consider whether a transfer of funds from the expendable endowment will be required. When the decrease in expenditure caused by travel problems is taken into account, it seems likely that the existing free reserves of £815,958 will be sufficient to fund all regular and expected grants through to 2023 without such a transfer being required.

12. TAXATION

As a registered charity the trust is not subject to income taxes or Value added tax.