

THE SINO-BRITISH FELLOWSHIP TRUST

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

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

THE SINO-BRITISH FELLOWSHIP TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE PERIOD ENDED 31 DECEMBER 2021

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, FEng, 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

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4TA

Solicitors

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

Investment Advisers

CCLA Investment Management Ltd
Senator House,
85 Queen Victoria Street
London EC4V 4ET

Investment Custodian

HSBC Securities Services
8 Canada Square
Canary Wharf, London
E14 5HQ

Auditor

Chariot House Ltd
Chartered Accountants
25F Copperfield Street
London
SE1 OEN

THE SINO-BRITISH FELLOWSHIP TRUST

ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2021 (continued)

The trustees present their report along with the financial statements of the Charitable Incorporated Organisation (CIO) for the period ended 31 December 2021. 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 (effective 1 January 2019).

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 £ 112,960 (2020 £237,500) and individual grants of £ 21,171 (2020 £ 15,960) were awarded during the year.

THE SINO-BRITISH FELLOWSHIP TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE PERIOD ENDED 31 DECEMBER 2021 (continued)

PUBLIC BENEFIT

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.

The CIO seeks to advance education (a statutory charitable purpose under the Charities Act 2011) through support for academic research exchanges between the UK and China. The public benefits of academic research are well recognised. The CIO supports researchers in a wide range of fields, in the sciences, social sciences, humanities and the arts. This year travel between the UK and China was severely disrupted, which presented considerable difficulties for researchers.

Grants given during the year supported academics in continuing their research work despite the problems. Examples were:

Funding to enable doctoral researchers from British Universities to conduct field work in China when they were able to travel; this supported them in completing their research, with the aim of publication in academic journals and through conferences.

Funding to support doctoral researchers from China, already studying in the UK, to enable them to complete their research work, with the aim of publication as above.

Funding to enable researchers in China to take part in projects with British institutions; during the pandemic such work began with online study and exchange, with physical visits planned take place when the situation permits.

Funding to support academics to improve their understanding of Chinese languages; again such study has been largely online, with grants given on the understanding that travel to and study in China would take place when possible.

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 2021 (continued)

ACHIEVEMENTS AND PERFORMANCE

The Covid-19 pandemic continued to dominate in 2021, affecting the work of the CIO. Travel between the UK and China was greatly affected, which limited the amount of research collaboration. No grants were given to overseas organisations in 2021. The CIO continued to keep contact with those organisations who would usually receive grants to maintain support as far as possible, and the partnership with Hong Kong Metropolitan University (formerly the Open University of Hong Kong) was reviewed to facilitate future exchanges with British universities. In the UK 4 organisations received grants – the British Museum, the Great Britain-China Educational Trust, Kingston University and the Universities China Committee London. The CIO also maintained contact with other UK organisations who usually receive grants.

2021 saw the introduction of the Sino-British Fellowship Trust website. Of the 5 individual grants awarded by the CIO during the year, 3 began as enquiries through the website.

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 2021 amounted to £418,580 (2020 £440,809). The cost of raising funds £82,101 (2020 £77,774) are the investment managers fees which are charged to the expendable endowment fund. Expenditure on charitable activities amounted to £204,204 (2020 £ 313,547). The grants awarded were significantly less than in a normal year because of the impact of the pandemic. The net incoming resources for the Unrestricted fund were £ 214,376 (2020 £127,262). The general reserves increased to £1,300,749 from £1,086,373 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, with the final value of the endowment fund increasing by £1,477,930 to £ 18,325,689. The performance of the investment portfolio (net of fees) was an increase of 8.77% (2020 decreased by 0.27%) compared with the benchmark increase of 7.63 %. The UK CPI (UK inflation) for the same period was 4.8% and the target for the long term for the fund is to beat inflation, net of fees .

During 2021 the CIO reviewed its investment approach and conducted an extensive review of investment managers. The Trustees finally decided that the interests of the CIO would be best served by a change of manager and appointed CCLA to take over in 2022.

THE SINO-BRITISH FELLOWSHIP TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE PERIOD ENDED 31 DECEMBER 2021 (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

Throughout the pandemic the Trustees have been concerned to support academic researchers in continuing their work when possible. The CIO has placed emphasis on maintaining contact with partner organisations to identify the best opportunities to support their recovery from the pandemic. 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 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 where possible should continue to be awarded 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 2021 were £1,035,183 (2020 £ 815,959).

THE SINO-BRITISH FELLOWSHIP TRUST

ANNUAL REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2021 (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. 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 2021 (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 30th June 2022 and signed on their behalf by:

Mrs A.E. ELY Chairman

THE SINO-BRITISH FELLOWSHIP TRUST

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31ST DECEMBER 2021

Opinion

We have audited the financial statements of Sino-British Fellowship Trust (the CIO) for the period ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2021 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 trustees are responsible for the other information. The other information comprises the information included in the annual report, including the trustees report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

THE SINO-BRITISH FELLOWSHIP TRUST

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31ST DECEMBER 2021 (continued)

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.

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;
- sufficient accounting records have not been kept; 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 Statement of Trustees' Responsibilities 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.

Our 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 a Report of the Independent Auditors 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.

THE SINO-BRITISH FELLOWSHIP TRUST

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31ST DECEMBER 2021 (continued)

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:

Based on our understanding of the charity and its activities, and through discussion with the trustees and management, we identified the principal risks and considered the extent to which these would have a material impact on the financial statements. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud, and reviewed significant or unusual transactions to identify their underlying supporting rationale.

We inspected the minutes of meetings of those charged with governance, and made direct enquiries of management and the board of trustees concerning the charity's policies and procedures relating to:

- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates were indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

We also:

- discussed and reviewed the charity's business model and forward planning to assess going concern.
- communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- Carried out substantive testing on income and expenditure
- Re-performed reconciliations of control accounts, and recalculating items such as depreciation

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 Report of the Independent Auditors.

THE SINO-BRITISH FELLOWSHIP TRUST

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE SINO-BRITISH FELLOWSHIP TRUST FOR THE PERIOD ENDED 31ST DECEMBER 2021 (continued)

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed Chariot House Ltd

Date: 30th June 2022
Chariot House Ltd
Chartered Accountants
25F Copperfield Street
London
SE1 OEN

THE SINO-BRITISH FELLOWSHIP TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31ST DECEMBER 2021**

	Unrestricted Fund	Expendable Endowment Fund	December 2021	<i>December 2020</i>
	£	£	Total £	<i>Total £</i>
INCOME AND ENDOWMENTS				
Income from investments (Note 3)	418,486		418,486	440,227
Interest	94		94	582
TOTAL INCOME	<u>418,580</u>	0	<u>418,580</u>	<u>440,809</u>
EXPENDITURE				
Costs of raising funds				
Investment management fee (Note 1h)		82,101	82,101	77,774
Expenditure on Charitable Activities (Note 5)				
Grants to British academics for study visits to China – object (a)	65,846		65,846	67,544
Grants to Chinese academics for study visits to Great Britain – object (b)	127,701		127,701	220,025
Promotion of Chinese language studies – object (c)	10,657		10,657	11,752
Joint UK /China academic programmes, and exchanges between Hong Kong and other parts of China – object (d)	0		0	14,226
TOTAL EXPENDITURE	<u>204,204</u>	<u>82,101</u>	<u>286,305</u>	<u>391,321</u>
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS	214,376	(82,101)	132,275	49,488
Net investment gains/(losses):		1,560,031	1,560,031	(434,239)
NET INCOME/(EXPENDITURE)	<u>214,376</u>	<u>1,477,930</u>	<u>1,692,306</u>	<u>(374,751)</u>
Transfer between funds (Note 8)				-
NET MOVEMENT IN THE FUNDS FOR THE YEAR	<u>214,376</u>	<u>1,477,930</u>	<u>1,692,306</u>	<u>(374,751)</u>

THE SINO-BRITISH FELLOWSHIP TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31ST DECEMBER 2021 (continued)**

	Unrestricted Fund	Expendable Endowment Fund	December 2021	<i>December 2020</i>
	£	£	£	£
RECONCILIATION OF FUNDS				
NET MOVEMENT IN THE FUNDS FOR THE YEAR	214,376	1,477,930	1,692,306	(374,751)
Funds Brought Forward At 1st January 2021	1,086,373	16,847,759	17,934,132	18,308,883
FUNDS CARRIED FORWARD 31 DECEMBER 2021	1,300,749	18,325,689	19,626,438	17,934,132
Represented by:				
Tangible fixed assets	265,566		265,566	270,414
Fixed assets investments		17,613,957	17,613,957	16,763,328
Net current assets	1,035,183	711,732	1,746,915	900,390
TOTAL NET ASSETS 31 December 2021	1,300,749	18,325,689	19,626,438	17,934,132

The notes on pages 16 to 26 form part of these financial statements

THE SINO-BRITISH FELLOWSHIP TRUST

BALANCE SHEET AS AT 31ST DECEMBER 2021

	December 2021	December 2021	<i>December 2020</i>
	£	£	£
FIXED ASSETS			
Tangible Assets (Note 2b)			
Leasehold property		262,987	268,354
Furnishings		1,696	1,884
Computer Equipment		883	176
Total Fixed Assets		<hr/> 265,566	<hr/> 270,414
Investments (Note 2a)		17,613,957	16,763,328
CURRENT ASSETS			
Debtors, prepayments and accrued income	3,603		3,422
Income due from broker	10,227		9,777
Investment cash held by broker (Note 2a)	732,199		104,309
Cash at bank and in hand	1,085,370		867,600
Total Current Assets	<hr/> 1,831,399		<hr/> 985,108
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Grants payable	56,300		56,300
Other creditors and accruals	28,184		28,418
Total Current Liabilities	<hr/> 84,484		<hr/> 84,718
Net current assets		<hr/> 1,746,915	<hr/> 900,390
NET ASSETS		<hr/> 19,626,438	<hr/> 17,934,132
THE FUNDS OF THE CHARITY (Note 1b)			
Expendable Endowment (note 2a)		18,325,689	16,847,759
General fund		1,300,749	1,086,373
TOTAL CHARITY FUNDS		<hr/> 19,626,438	<hr/> 17,934,132

Approved by the Trustees on 30 June 2022 and signed on their behalf

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

The notes on pages 16 to 26 form part of these financial statements

THE SINO-BRITISH FELLOWSHIP TRUST

**STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2021**

	2021	<i>2020</i>
Note 7	£	£
Cashflows from operating activities	(280,872)	(511,305)
Cashflows from investing activities		
Investment income	418,580	440,809
Rounding		2
Purchase of fixed assets	(1,000)	-
Proceeds from sale of investments	8,868,481	10,538,072
	4,521	
Nil paid rights issue		
Purchase of investments	(8,163,600)	(10,652,193)
Net cash provided by investing activities	<u>1,126,982</u>	<u>366,690</u>
 Note 8		
Change in cash and cash equivalents in the period	846,110	(184,615)
 Cash and cash equivalents at 1 January 2021	981,686	1,166,301
 Cash and cash equivalents at 31st December 2021	<u>1,827,796</u>	<u>981,686</u>

The notes on pages 16 to 26 form part of these financial statements

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2021

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 preparing the financial statements

The financial statements of the charitable incorporated organisation, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 (FRS 102) (effective 1 January 2019)'. The financial statements have been prepared under the historical cost convention.

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.

f) Taxation

The CIO is exempt from tax on its charitable activities.

g) 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

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

h) Critical accounting judgements and key sources of estimation uncertainty

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. See accounting policy note (above) for useful economic lives for each class of assets.

i) 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.

j) Costs of raising funds

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

k) 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.

l) 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.

m) Going concern

The finance statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the levels of reserves for the charity to be able to continue as a going concern.

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2021 (Continued)

2(a). FIXED ASSET INVESTMENTS

Movement in fixed asset listed investments

	December 2021 £	December 2020 £
Market value at 31 December 2020	16,763,328	17,073,446
Additions to investments at cost	8,163,600	10,652,193
Disposals	(8,868,481)	(10,538,072)
Rights issue - nil paid SSP	(4,521)	
Net gains /(losses)	1,560,031	(434,239)
Market value as at 31 December 2021	17,613,957	16,763,328
Euro adjustment	42	43
Cash held by broker	732,199	104,309
	18,346,198	16,867,680
Management fee creditor	(20,509)	(19,921)
Expendable Endowment Fund	18,325,689	16,847,759

Investments at market value comprised:

	December 2021 £	December 2020 £
Fixed Income Funds	4,330,119	4,635,739
Equity Mutual Funds	10,069,865	8,881,642
Equities	1,982,586	1,758,584
Other	1,231,387	1,487,363
	17,613,957	16,763,328

THE SINO-BRITISH FELLOWSHIP TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2021 (Continued)**

2(b). TANGIBLE FIXED ASSETS

	Leasehold Property £	Furnishings £	Computer Equipment £	Total £
Cost:				
At 31 December 2020	285,280	2,514	384	288,178
Additions during the period	-	-	1,000	1,000
	<hr/> 285,280	<hr/> 2,514	<hr/> 1,384	<hr/> 289,178
Depreciation:				
At 31 December 2020	16,926	630	208	17,764
Charge for the period	5,367	188	293	5,848
	<hr/> 22,293	<hr/> 818	<hr/> 501	<hr/> 23,612
Net book value:				
At 31 December 2021	262,987	1696	883	265,566
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2020	268,354	1,884	176	270,414
	<hr/>	<hr/>	<hr/>	<hr/>

The leasehold property was bought in at a net value of £285,280 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 2021 (Continued)

3. INVESTMENTS

	December 2021	December 2020
	£	£
3 (a) Investment income is analysed as follows:		
Fixed Income Funds	127,738	145,748
Equity Mutual Funds	167,869	202,916
Equities	89,959	60,345
Other	32,920	31,218
	<hr/> 418,486	<hr/> 440,227

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

	Number of Shares 2021	Number of Shares 2020	December 2021 £	December 2020 £
<i>Fixed Income Funds</i>				
HSBC Global Investment Funds – Global Asset-Backed Bond	45,791	45,971	448,631	446,148
HSBC GIF Global Government Bond	104,133	0	1,105,164	0
HSBC Global Investment Funds Emerg Mkts Local Debt Z	94,747	169,016	600,467	1,371,102
<i>Equity Mutual Funds</i>				
HSBC Index tracker Inv Fund FTSE all world index	295,387	0	656,350	–
HSBC FTSE All Share Index Fund	457,709	921,696	1,650,041	2,913,482
HSBC Index Tracker Investment Funds American index	55,574	211,324	536,789	1,575,633
HSBC Multi Fac Shares	82,713	85,008	911,236	785,859
HSBC US MltFA Institutional shares	209,942	209,942	1,183,447	885,958
Ishares Core MSCI EM IMI	287,161	187,424	1,134,046	751,373
Ishares IVplcUSA Quality factor	713	0	922,296	0
<i>Other</i>				
Charities Property Fund	620,874	657,987	807,943	815,575

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2021 (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 2021	<i>December 2020</i>
	£	£
Secretarial, financial and clerical assistance	21,219	21,002
Establishment expenses	13,686	13,848
Stationery, telephone, computer and website	2,976	2,619
General expenses	938	673
AGM and student liaison costs	231	1,488
Depreciation	5,848	5,743
	44,898	45,373

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 2021	<i>December 2020</i>
	£	£
Professional fees for investment review	11,880	
Accountancy fees	8,680	9,398
Audit fees	4,200	5,040
Trustees travel costs	100	258
Bank charges and interest	315	18
	25,175	14,714

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 2021 (Continued)

5. CHARITABLE ACTIVITIES

	Grants	Support and governance costs	December 2021 Total	December 2020
	£	£	£	£
Grants to British academics for study visits to China – object (a)				
UK Institutions:				
Needham Research Institute	-			4,948
St. Antony's College	-			13,608
Universities China Committee London	31,000	16,195		38,349
Overseas Institutions:				
Lingnan University	-			10,639
Individuals (3)	12,251	6,400		-
	<u>43,251</u>	<u>22,595</u>	<u>65,846</u>	<u>67,544</u>
Grants to Chinese academics for study visits to Great Britain – object (b)				
UK institutions:				
British Museum	12,000	6,269		-
China Kadoorie Biobank	960	502		-
Great Britain China Educational Trust	47,000	24,554		57,524
Kingston University	15,000	7,836		-
Needham Research Institute	-			12,371
Royal Society	-			87,832
St Cross College, University of Oxford	-			18,556
Overseas Institutions:				
Hong Kong University	-			(24,741)
Lingnan University	-			9,154
Open University of Hong Kong	-			15,463
Vocational Training Council	-			15,463
China Scholarship Council	-			11,134
Individuals (2)	8,920	4,660		17,269
	<u>83,880</u>	<u>43,821</u>	<u>127,701</u>	<u>220,025</u>

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2021 (Continued)

CHARITABLE ACTIVITIES (continued)

	Grants	Support and governance costs	December 2021	December 2020
	£	£	Total £	£
Promotion of Chinese language studies – object (c)				
UK Institutions				
Great Britain China Educational Trust	3,000	1,567		4,330
Universities China Committee London	4,000	2,090		4,948
Individuals (0)	-			2,474
	<u>7,000</u>	<u>3,657</u>	<u>10,657</u>	<u>11,752</u>
Joint UK /China academic programmes, and exchanges between Hong Kong and other parts of China – object (d)				
Chinese Institutions:				
Lingnan University	-			4,948
Open University of Hong Kong	-			9,278
	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,226</u>
TOTAL GRANTS FOR YEAR	<u>134,131</u>	<u>70,073</u>	<u>204,204</u>	<u>313,547</u>

There were 5 (2020: 3) grants to individuals during the year.

The CIO is committed to spending £516,075 (2020: £ 560,620) in respect of grants within the following year and £617,770 (2020:£1,007,865) in the two years of 2023 and 2024. 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 2021	December 2020
	£	£
Salaries and wages	20,601	20,390
Employer pension contributions	618	612
	<u>21,219</u>	<u>21,002</u>

1 part time member of staff has been employed through the year.

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2021 (Continued)

CASHFLOW STATEMENT

Note 7

	December 2021	<i>December 2020</i>
	£	£
Net income/ (expenditure) for the period to 31st December 2021	1,692,306	(374,751)
Adjustments for:		
Depreciation charges	5,848	5,743
(Gains)/losses on investments	(1,560,031)	424,239
Investment income	(418,580)	(440,809)
(Increase)/decrease in debtors	(181)	622
Increase/(decrease) in creditors	(234)	(126,349)
Net cash provided/(used) operating activities	(280,872)	(511,305)

Note 8

	December 2021	<i>December 2020</i>
Analysis of cash and cash equivalents		
Cash held as part of investment portfolio	742,426	114,086
Cash at bank and in hand	1,085,370	867,600
Total cash and cash equivalents	1,827,796	981,686

9. TRUSTEES

No trustee received any remuneration for this period (2020: Nil) 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. The grant is reviewed annually and have been approved unanimously at Trustees meetings.

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 2021 (Continued)

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

2020	Unrestricted Fund £	Expendable Endowment Fund £	December 2020 Total £
INCOME AND ENDOWMENTS			
Income from investments (Note 3)	440,227		440,227
Interest	582		582
TOTAL INCOME	440,809		440,809
EXPENDITURE			
Costs of raising funds			
Investment management fee (Note 1h)		77,774	77,774
Expenditure on Charitable Activities (Note 5)			
Grants to British academics for study visits to China – object (a)	67,544		67,544
Grants to Chinese academics for study visits to Great Britain – object (b)	220,025		220,025
Promotion of Chinese language studies – object (c)	11,752		11,752
Joint UK /China academic programmes, and exchanges between Hong Kong and other parts of China – object (d)	14,226		14,226
TOTAL EXPENDITURE	313,547	77,774	391,321
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS	127,262	(77,774)	49,488
Net investment gains/(losses):		(424,239)	(424,239)
NET INCOME/(EXPENDITURE)	127,262	(502,013)	(374,751)
Transfers between funds	-	-	-
NET MOVEMENT IN THE FUNDS FOR THE YEAR	127,262	(502,013)	(374,751)

THE SINO-BRITISH FELLOWSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2021 (Continued)

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES (continued)

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

12. CORONAVIRUS COVID 19 UPDATE

As mentioned in the Trustees report the Covid-19 pandemic continued to have a significant impact on the work of the CIO. The development of new variants, which caused continuing travel disruption, meant that many organisations were unable to use their grant allocation for 2021. 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. At a recent meeting with partner organisations there was considerable optimism that the situation would improve in the latter part of 2022, particularly with the increased use of online facilities.

The income of the CIO all comes from our investments. The pandemic and other world events have contributed to considerable market volatility. However our investments are now managed on a total return basis and we are not expecting income paid to the CIO to drop below the level agreed with our investment managers in 2022 or in future years. Despite this, detailed forecasts have been prepared and the existing free reserves of £1,035,183 provide sufficient cover to fund all regular and expected grants through to 2025 if income does drop below expected levels. The CIO also has the flexibility to consider drawing down some capital to fund expenditure without jeopardising the long term future of the CIO.