

REGISTERED COMPANY NUMBER: 06477262 (England and Wales)
REGISTERED CHARITY NUMBER: 1125378

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022
FOR
CHINA DIALOGUE TRUST
(A COMPANY LIMITED BY GUARANTEE)

Chariot House Limited
Chartered Accountants and Statutory Auditor
44 Grand Parade
Brighton
BN2 9QA

CHINA DIALOGUE TRUST

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FOR THE YEAR ENDED 31ST DECEMBER 2022

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CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2022**

The Trustees, who are also Directors of the Company for the purposes of the Company Law, present their annual report and audited financial statements for the year ended 31 December 2022.

INTRODUCTION

China Dialogue Trust has a long-standing track record of promoting climate change science and educating the public about environmental issues.

The climate crisis impacts ecosystems, economies, and people's livelihoods. With China's established presence on the global stage, China Dialogue Trust aims to facilitate a constructive dialogue on climate change and global environmental issues, promote mutual understanding between China and the world, and inspire higher awareness of the planet's challenges. From the climate emergency to marine pollution, environmental issues concern all the world's citizens. Both the scale of its challenges and the size of its economy means China plays a uniquely important role. Information exchange and dialogue help us to move closer to viable, equitable and real solutions to the climate crisis and ensure a prosperous future.

The scope of China Dialogue Trust's focus includes global awareness on climate change; ecological environment protection; sustainable development, and a low carbon future. China Dialogue Trust runs multiple online platforms that carry high-quality environmental education content, including research reports, policy briefs, and book reviews on environmental and climate change issues that affect China and the world. This stimulates the exchange of information and ideas both among Chinese and non-Chinese audiences.

China Dialogue Trust is internationally recognised for its dissemination of up-to-date information and knowledge on climate change. Its introduction of international best practices, lessons learned and case studies on climate change in China is appreciated by its readers. Its profiling of China's climate actions and low-carbon transition is closely followed by the global environmental community. China Dialogue Trust has also been advancing communication and cooperation on climate change through activities such as workshops and forums. Through capacity building, China Dialogue Trust supports related institutes and organisations to tell better stories about climate change and China's climate policy.

Beside climate change, China Dialogue Trust is also dedicated to public awareness raising of other environmental challenges including pollution prevention, extractive industries, marine environmental protection and biodiversity conservation. Since it was founded in 2006, China Dialogue Trust has been promoting dialogue on environmental protection, introducing the progress of China's environmental protection to the English-speaking world through its multilingual websites while bringing the experience of international sustainable development to a Chinese audience.

Besides its flagship online platform, 'China Dialogue', China Dialogue Trust also manages other environmental communications projects: The Third Pole, Diálogo Chino and China Dialogue Ocean.

The Third Pole, run by China Dialogue Trust's teams based in London and South Asia, supports in-depth, non-partisan and original coverage of all aspects of water in the countries of the Himalayan and the Lancang-Mekong basin, to stimulate informed debate and to promote cooperation on transboundary river management. Over the years, www.thethirdpole.net has established a reputation as the source of accessible, high-quality and balanced material on transboundary water in the Himalayan region.

Diálogo Chino, run by China Dialogue Trust's teams based in London, and across Latin America, aims to address the information gap between China and Latin America by fostering better understanding and communication between academics, government and the business community on the environmental and social impacts of China's activities in Latin America. All content is published in English, Spanish and Portuguese.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2022**

China is now among the world's biggest ocean powers: how China will care for the marine environment will be critical in determining the fate of the ocean. China Dialogue Ocean is dedicated to reporting on, analysing, illuminating and helping to resolve the ocean crisis before it is too late.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects for which the Trust is established are:

- a. To advance the education of the public (including in particular the public of the People's Republic of China) in the conservation, protection and improvement of the physical and natural environment; and
- b. To promote for the benefit of the public the conservation, protection and improvement of the physical and natural environment and, in particular, but not so as to restrict the preceding wording, the physical and natural environment in the People's Republic of China.

OBJECTIVES AND ACTIVITIES

Activities, Achievements and Performance

Review of the period

Through 2022, we have continued to make a meaningful contribution to create higher public awareness about the environmental challenges faced by the world and facilitate conversations about solutions to our environmental problems and China's unique role in these. Through a range of online activities including workshops, seminars and information distribution, China Dialogue has been operating through the lingering effects of the Covid 19 pandemic and carrying out its valuable work.

During the period covered by this report, China Dialogue has:

- co-hosted a workshop in Stockholm with the Raoul Wallenberg Institute, focused on the role of China at the 50th anniversary of the Stockholm Conference on the Human Environment;
- organised a major workshop at the University of Nairobi with the same partner, "Environmental Law from Below: Grassroots and Human Rights Perspectives on the Human Environment Agenda (Stockholm+50)", and a global team "away day" during the same week, focused on China's role in both contexts;
- co-organised a workshop at Chulalongkorn University in Bangkok, "Towards a green and just recovery in Southeast Asia", with panels on hydropolitics, energy transitions and China's role;
- organised a major side-event at the Roundtable on Sustainable Palm Oil conference in Kuala Lumpur, to which we also invited reporting fellows and organised a successful fieldtrip to see regenerative palm plantations;
- sent reporters and editors to report in Chinese, English and multiple languages at the Our Ocean, COP27, COP19 and COP15 UN conferences on oceans, climate change, wildlife trade and biodiversity, respectively;
- organised an environmental reporting event in Nepal, under the Third Pole Project focused on Asia's climate and water crisis; and,
- collaborated with the Africa-China Reporting Project at Wits University, South Africa, to offer reporting grants to African journalists for investigative articles on climate impacts, mitigation and adaptation, and low-carbon development, including greater capacities around China reporting.

The China Dialogue London team participated in several events at the London Climate Action Week, co-hosting an online panel on "Scaling up renewable energy investment in Africa". China Dialogue's CEO, Sam Geall, represented the organisation here and at many other events, including by speaking at: "Climate coverage and war: Reporting on the energy transition as a security priority" in Berlin; the 31st Economic Forum in Karpacz, Poland; Chatham House, London; and the Oxford Institute for Energy Studies annual China conference.

Partnership and collaboration

Through to the end of 2022, China Dialogue Trust's Beijing project team continued to work closely with China Association for NGO Cooperation (CANGO) under the framework of China's Foreign NGO Law. In collaboration with CANGO, China Dialogue Trust implemented the Communications Capacity Building on Climate Change and Biodiversity Conservation Project. However, due to the ongoing and challenging legal landscape in China, it was necessary to close our Beijing office on 31st December, 2022. Over the course of 2022, three of our team members previously based in Beijing relocated to the London office, where our China team now resides.

Existing partnerships were maintained and developed with networks and organisations internationally. We continue to work closely with many partners, a non-exhaustive list includes: the Roundtable on Sustainable Palm Oil (RSPO), the Raoul Wallenberg Institute; the University of Nairobi; Wits University, Johannesburg; the China Global South Project; Climate Tracker; Global Development Policy Center, Boston University; Chulalongkorn University, Bangkok; International Centre for Integrated Mountain Development (ICIMOD), Nepal; the World Bank; Southeast Asia Globe; and Eco-Business, Singapore.

OBJECTIVES AND ACTIVITIES

The Third Pole

Throughout 2022, The Third Pole continued to work closely with freelance reporters and media outlets across the Himalayan watershed to ensure policymakers, environmental professionals and general readers across the region were presented with high-quality, in-depth coverage of the climate and biodiversity crises. Key themes in our coverage included the impacts and aftermath of unprecedented flooding in Pakistan; the transition from fossil fuels to renewable energy in South Asia; the role of South Asian countries in global climate negotiations; and unsustainable exploitation of the region's biodiversity.

Among The Third Pole's successes in 2022 was a significant increase in syndication of our content among mainstream news outlets in Pakistan; websites includes Dawn, Friday Times and Ary News are now regularly republishing our articles.

Another notable success was a journalists' workshop on the theme of 'Fragility and resilience in the face of climate change in the Hindu Kush Himalayas', held in Nepal in November 2022. The Third Pole team selected 20 journalists to invite to the workshop, representing a balance across country, region and gender, along with experts including the former water minister of Nepal and researchers from the South Asian Institute of Advanced Studies. The workshop saw spirited discussions between experts and journalists about the best ways to cover environmental issues in the Himalayas. Feedback from journalists was very positive, and many of the participants have since had pitches accepted by The Third Pole's editorial team.

Diálogo Chino

Diálogo Chino continued with its strong performance in 2022. We worked closely with Climate Tracker, a climate change journalism training initiative with a strong presence in Latin America. They republished many of our stories and we republished some of theirs and two of our editors participated as speakers in their training programs throughout the year. Diálogo Chino's work exploring the ecological impact of the soy supply chain in Brazil and infrastructure investments that support the soybean trade continued, while the shift from brown to green energy with the lens of just transition was also a key focus.

Public benefit

In shaping our objectives and planning our activities for the year, the Trustees have given consideration to the duties set out in section 17(5) of the Charities Act 2011 to have due regard to public benefit and to the Charity Commission Guidance on public benefit. In particular, the Trustees have considered how the planned activities will contribute to the overall aims and objectives that they have set.

The Trustees believe that the preceding paragraphs, specifically on the "Objectives and Aims" and "Activities, Achievements and Performance" for the year, relate in detail the benefit that the Charity provides to the public.

FINANCIAL REVIEW

Financial position

Our financial year runs from January 1st to December 31st.

In 2022, the charity ran a deficit of £327,046 on total income of £2,702,140 (2021: surplus of £246,837 on income of £2,837,477). At 31 December 2022, the charity held funds totalling £1,442,834 (2021: £1,769,880).

Remuneration statement

To set the pay and rewards properly for employees there is a need to make informed judgements as well as adhering to the China Dialogue Trust governance and constitutional arrangements.

Trustees are legally and constitutionally responsible for setting rates of pay and this responsibility cannot and should not be wholly delegated to private agencies or independent experts.

In deciding on levels of pay for all staff the following factors will be taken into account, the purpose aims and values of China Dialogue Trust, competences, the strategic plan and need, ability to pay, performance, the wider 'employment offer' and recruitment and retention. These factors are not exclusive, and any decision will inevitably include an element of discretion on the part of trustees.

Reserves Policy

The trustees recognise the need to hold reserves to allow protection of core activities in the event of income shortfalls and to promote balanced, long-term strategic planning to enable the charity to carry out its objectives.

The trustees have in the year reviewed the needs, risks and opportunities faced by the charity, along with relevant financial forecasts and analyses. On the basis of this review the trustees recognised the need to hold a general reserve and the size of this reserve should be related to the level of ongoing financial commitments. The trustees decided that as a guide the organisation should keep its general reserves at a level equalling approximately three months of core expenditure. Core expenditure is calculated to include staff costs and committed overheads. The guide level of reserves at the end of December 2022 should be approximately £304,000. At the year end, the general reserves of the charity stood at £297,186 (2021: £350,697).

FUTURE PLANS

In 2023, the China Dialogue Trust will formally adopt its new strategy to build on the work of the last 16 years by repositioning itself to more effectively reach a global audience and to continue to build its reputation, extend its networks and develop new partnerships. In particular, we aim to:

- continue to create high-quality content of in-depth analysis, policy briefs, research projects and blog posts;
- publish a range of longer-form reports and policy briefs and contribute to third party platforms;
- expand our links with climate change and environment-related organisations in China;
- form new relationships and partnerships;
- continue to promote cooperation and communication through workshops, roundtable discussions and seminars on climate change and other environmental affairs;
- redevelop and consolidate our current suite of websites into one single site, to better serve our growing audiences.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

i. Structure

'China Dialogue' is a project administered by the China Dialogue Trust. In addition, the Trust manages other online environmental education platforms, The Third Pole, Diálogo Chino and China Dialogue Ocean.

The China Dialogue Trust (the Trust) was incorporated as a company limited by guarantee on 18 January 2008 and obtained charitable status on 6 August 2008. In accordance with a legal transfer of undertakings dated 23 October 2008, the assets and liabilities of China Dialogue Limited (Company Registration Number: 05825437) were transferred to the Trust as at midnight on 30 September 2008.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the Trustees are elected at the Annual General Meeting to serve for a period of three years.

The Members have guaranteed to contribute a maximum of £1 each in the event of the company being wound up.

The Trust set up a trading subsidiary, Dialogue Services (Company Registration Number: 8854972), which was incorporated on 21st January 2014. The trading subsidiary supports our growing revenue stream from translation services and occasional consultancy services.

ii. Governance

The Trust receives generous support from its executive board. The executive board meets three times a year to evaluate the governance of the charity and advise on its long-term strategy. The finance and audit risk committee, which is chaired by our treasurer supports the board in their responsibility for ensuring the adequacy of risk management, internal control and governance arrangements, and that charity funds are used efficiently and effectively. The members of the executive board assist with fundraising and partnership building. Additionally, the nominations committee supports the board in the ongoing and timely recruitment and appointment of Trustees to the executive board and committees.

iii. Management

The Trustees meet regularly throughout the year and are inducted through detailed briefings.

New Trustees are recommended to the board by existing members or by the Chief Executive Officer based on their experience and expertise of the charity's work.

The Chief Executive Officer of the Trust is Sam Geall, working closely with Tallulah Staple, the Chief Operating Officer. The China Dialogue website is managed by the London and Beijing team. In London, the website is supported by the digital team. In Beijing, the website is supported by Ma Tianjie, the Beijing Director and Lin Zi, Beijing Operations Manager.

The Third Pole website is managed by Joydeep Gupta, South Asia director, in Delhi and Aron White, Asia Pacific editor, in the London office. The website is also supported by a small editorial team in Delhi, as well as country coordinators in Bangladesh, Nepal and Pakistan.

The Diálogo Chino website is managed by the Latin America Editor, in London.

All of the websites are supported by Lushan Huang, the Production Manager.

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CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2022

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06477262 (England and Wales)

Registered Charity number

1125378

Registered office

15 Printing House Yard
Perseverance Works
London
E2 7PR

Trustees

Prof K Brown (resigned 26/7/2022)
S C Tinton (resigned 22/11/2022)
D T Burke
Ms S Hitch
D L Horn-Phathanothai
Ms C Holtum (appointed 26/7/2022)
J Harkness (appointed 26/7/2022)
T Walkley (appointed 26/7/2022)
Ms J Zhou (appointed 26/7/2022)
D Thomas (appointed 26/7/2022)
M Savage (appointed 26/7/2022)
Dr L Lush (appointed 22/11/2022)

Company Secretary

Ms T Staple

Senior Statutory Auditor

J Thacker FCA DChA

Auditors

Chariot House Limited
Chartered Accountants and Statutory Auditor
44 Grand Parade
Brighton
BN2 9QA

Contact Details

Chief Executive Officer

Dr S Geall

Telephone number

075 4252 5859

Website

www.chinadialogue.net

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2022**

REFERENCE AND ADMINISTRATIVE DETAILS

Advisers

Bankers

HSBC Bank PLC
74 Goswell Road
Clerkenwell
London
EC1V 7DA

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of China Dialogue Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The Auditors, Chariot House Limited, are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 20th July 2023 and signed on its behalf by:

D T Burke - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHINA DIALOGUE TRUST

Opinion

We have audited the financial statements of China Dialogue Trust (the 'charitable company') for the year ended 31st December 2022 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year 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 Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company's ability to continue as a going concern for a period of at least twelve 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, 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CHINA DIALOGUE TRUST**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and the industry in which it operates, and considered the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud. We identified that the following laws and regulations are central to the charitable company:

- Companies Act 2006
- Charities Act 2011
- Charities SORP 2019
- Health & safety regulations

We did not find any instances of non-compliance or breaches of the legislation framework applicable to the charitable company.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We identified that the following areas were of high risk:

- Completeness of income. We performed various audit tests to ensure that income was not materially understated in the financial statements.
- Management override of controls. We performed various audit tests to ensure there was no material management override of controls

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation, Charities Act 2011 and Charities SORP 2019. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel when considered necessary. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of management bias by the directors that represented a risk of material misstatement due to fraud.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CHINA DIALOGUE TRUST**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

J Thacker FCA DChA (Senior Statutory Auditor)
for and on behalf of Chariot House Limited
Chartered Accountants and Statutory Auditor
44 Grand Parade
Brighton
BN2 9QA

Date: 25th July 2023

CHINA DIALOGUE TRUST**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	3				
Environment and Climate Change		614,447	2,087,571	2,702,018	2,837,476
Investment income	2	<u>122</u>	<u>-</u>	<u>122</u>	<u>1</u>
Total		<u>614,569</u>	<u>2,087,571</u>	<u>2,702,140</u>	<u>2,837,477</u>
 EXPENDITURE ON					
Charitable activities	4				
Environment and Climate Change		<u>678,476</u>	<u>2,350,710</u>	<u>3,029,186</u>	<u>2,590,640</u>
 NET INCOME/(EXPENDITURE)		(63,907)	(263,139)	(327,046)	246,837
 RECONCILIATION OF FUNDS					
Total funds brought forward		<u>482,263</u>	<u>1,287,617</u>	<u>1,769,880</u>	<u>1,523,043</u>
 TOTAL FUNDS CARRIED FORWARD		<u><u>418,356</u></u>	<u><u>1,024,478</u></u>	<u><u>1,442,834</u></u>	<u><u>1,769,880</u></u>

The notes form part of these financial statements

CHINA DIALOGUE TRUST (REGISTERED NUMBER: 06477262)**BALANCE SHEET**
31ST DECEMBER 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Tangible assets	10	18,700	-	18,700	904
Investments	11	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
		18,800	-	18,800	1,004
CURRENT ASSETS					
Debtors	12	180,018	-	180,018	239,149
Cash at bank		<u>326,073</u>	<u>1,024,478</u>	<u>1,350,551</u>	<u>1,711,738</u>
		506,091	1,024,478	1,530,569	1,950,887
CREDITORS					
Amounts falling due within one year	13	<u>(106,535)</u>	<u>-</u>	<u>(106,535)</u>	<u>(182,011)</u>
NET CURRENT ASSETS		<u>399,556</u>	<u>1,024,478</u>	<u>1,424,034</u>	<u>1,768,876</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>418,356</u>	<u>1,024,478</u>	<u>1,442,834</u>	<u>1,769,880</u>
NET ASSETS		<u>418,356</u>	<u>1,024,478</u>	<u>1,442,834</u>	<u>1,769,880</u>
FUNDS	15				
Unrestricted funds:					
General fund				297,186	350,697
Beijing operations fund				102,470	130,662
Fixed Asset designated fund				<u>18,700</u>	<u>904</u>
				<u>418,356</u>	<u>482,263</u>
Restricted funds				<u>1,024,478</u>	<u>1,287,617</u>
TOTAL FUNDS				<u>1,442,834</u>	<u>1,769,880</u>

The notes form part of these financial statements

BALANCE SHEET - continued
31ST DECEMBER 2022

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 20th July 2023 and were signed on its behalf by:

D T Burke - Trustee

The notes form part of these financial statements

CHINA DIALOGUE TRUST**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(337,913)</u>	<u>548,232</u>
Net cash (used in)/provided by operating activities		<u>(337,913)</u>	<u>548,232</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(23,396)	(1,120)
Interest received		<u>122</u>	<u>4</u>
Net cash used in investing activities		<u>(23,274)</u>	<u>(1,116)</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(361,187)	547,116
Cash and cash equivalents at the beginning of the reporting period		<u>1,711,738</u>	<u>1,164,622</u>
Cash and cash equivalents at the end of the reporting period		<u>1,350,551</u>	<u>1,711,738</u>

The notes form part of these financial statements

CHINA DIALOGUE TRUST**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022****1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2022 £	2021 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(327,046)	246,837
Adjustments for:		
Depreciation charges	5,600	560
Interest received	(122)	(4)
Decrease in debtors	59,131	220,646
(Decrease)/increase in creditors	<u>(75,476)</u>	<u>80,193</u>
Net cash (used in)/provided by operations	<u>(337,913)</u>	<u>548,232</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/22 £	Cash flow £	At 31/12/22 £
Net cash			
Cash at bank	<u>1,711,738</u>	<u>(361,187)</u>	<u>1,350,551</u>
	<u>1,711,738</u>	<u>(361,187)</u>	<u>1,350,551</u>
Total	<u>1,711,738</u>	<u>(361,187)</u>	<u>1,350,551</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, and on that basis the charity is considered to be a going concern.

Preparation of consolidated financial statements

The financial statements do not contain consolidated financial information as the parent of a group. The subsidiary undertaking has been excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Where grants are received during the year under review but relate to a later period the amount is deferred under Grants in Advance in the Balance Sheet.

Grants from government and other agencies have been included as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities and support costs

The costs of charitable activities comprise expenditure on the Trust's primary charitable purposes as described in the Trustees' Report. Such costs include the costs of maintaining, editing and developing the website.

Support costs represent indirect charitable expenditure. In order to carry out the activities of the Charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

These costs are allocated out to the activities they are supporting on the basis described in the notes.

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Recognition and measurement

Fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised, except where funded by Restricted grants and then they are written off in the year of purchase, and are stated at cost less depreciation.

Depreciation

All tangible fixed assets, are depreciated on the straight-line method over their estimated useful lives as follows:

Computer equipment - 3 years.

Taxation

The Charity is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Taxes Purposes. Accordingly the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

The Charity has various types of funds for which it is responsible:-

Unrestricted funds - are donations and other incoming resources receivable or generated for the objects of the Charity without further specified purpose and are available as general funds.

Restricted funds - comprise monies raised for, or their use restricted to, a specific purpose or contributions subject to donor imposed conditions.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements or in the Trustees' report for Restricted funds.

Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST DECEMBER 2022**2. INVESTMENT INCOME**

	2022	2021
	£	£
Deposit account interest	<u>122</u>	<u>4</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2022	2021
		£	£
Project Income - Other Fees Receivable	Environment and Climate Change	168,479	22,154
Grants and Donations	Environment and Climate Change	<u>2,533,539</u>	<u>2,815,319</u>
		<u>2,702,018</u>	<u>2,837,473</u>

Grants received, included in the above, are as follows:

	2022	2021
	£	£
European Climate Foundation	779,184	384,917
Rockefeller Brothers Foundation	244,100	182,462
Henry Luce Foundation	49,473	47,159
Climateworks Foundation	-	2,202
Department for International Development	-	541,048
Oak Foundation	-	128,334
Waterloo Foundation	10,000	40,000
Packard Foundation	370,325	315,393
Moore Foundation	316,575	366,276
Hewlett Foundation	220,082	394,600
WWF	-	21,646
Carnegie Council for Ethics in International Affairs	-	7,401
Raoul Wallenberg Institute	44,173	4,148
Ford Foundation	-	66,708
Growald Family Fund	-	75,683
Swiss Philanthropy Foundation	-	8,289
Woodrow Wilson Center	4,763	20,247
Other Grants	229,678	54,928
Robert Bosch Foundation	-	42,065
Mott Foundation	43,942	111,813
Children Investment Fund	<u>221,244</u>	<u>-</u>
	<u>2,533,539</u>	<u>2,815,319</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2022**4. CHARITABLE ACTIVITIES COSTS**

	Direct Costs £	Support costs (see note 5) £	Totals £
Environment and Climate Change	<u>2,621,042</u>	<u>408,144</u>	<u>3,029,186</u>

5. SUPPORT COSTS

	Management £
Environment and Climate Change	<u>408,144</u>

Support costs, included in the above, are as follows:

Management

	2022 Total activities £	2021 Total activities £
Establishment	120,314	54,590
Office	145,907	69,666
Legal and Professional	1,438	1,401
Accountancy	33,025	30,795
Other	18,714	24,338
Website	77,146	97,862
Audit	6,000	5,160
Depreciation of tangible and heritage assets	<u>5,600</u>	<u>560</u>
	<u>408,144</u>	<u>284,372</u>

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022 £	2021 £
Depreciation - owned assets	5,600	561
Auditors' remuneration	3,800	3,010
Auditors' remuneration - non audit services	<u>2,200</u>	<u>2,150</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2022**7. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31st December 2022 nor for the year ended 31st December 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st December 2022 nor for the year ended 31st December 2021.

8. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	974,163	718,118
Social security costs	111,362	74,994
Other pension costs	32,729	25,924
	<u>1,118,254</u>	<u>819,036</u>

The average monthly number of employees during the year was as follows:

	2022	2021
Editorial	21	18
Administration	<u>3</u>	<u>1</u>
	<u>24</u>	<u>19</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
£90,001 - £100,000	<u>1</u>	<u>1</u>
	<u>3</u>	<u>3</u>

Key Management remuneration totalled £312,296 (2021:£267,007).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2022

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Environment and Climate Change	332,951	2,504,525	2,837,476
Investment income	<u>1</u>	<u>-</u>	<u>1</u>
Total	<u>332,952</u>	<u>2,504,525</u>	<u>2,837,477</u>
EXPENDITURE ON			
Charitable activities			
Environment and Climate Change	<u>526,343</u>	<u>2,064,297</u>	<u>2,590,640</u>
NET INCOME/(EXPENDITURE)	(193,391)	440,228	246,837
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>675,654</u>	<u>847,389</u>	<u>1,523,043</u>
TOTAL FUNDS CARRIED FORWARD	<u>482,263</u>	<u>1,287,617</u>	<u>1,769,880</u>

10. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1st January 2022	9,766
Additions	<u>23,396</u>
At 31st December 2022	<u>33,162</u>
DEPRECIATION	
At 1st January 2022	8,862
Charge for year	<u>5,600</u>
At 31st December 2022	<u>14,462</u>
NET BOOK VALUE	
At 31st December 2022	<u>18,700</u>
At 31st December 2021	<u>904</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2022****11. FIXED ASSET INVESTMENTS**

	Unlisted investments £
MARKET VALUE	
At 1st January 2022 and 31st December 2022	<u>100</u>
NET BOOK VALUE	
At 31st December 2022	<u>100</u>
At 31st December 2021	<u>100</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

China Dialogue Services Limited

Registered office:

Nature of business: translation and interpreting

Class of share:	% holding
Ordinary	100

	2022 £	2021 £
Aggregate capital and reserves	100	100

The result for the year was £nil (2021: £nil).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	102,470	149,925
Amounts owed by group undertakings	324	-
Other debtors	33,324	14,517
Prepayments and accrued income	<u>43,900</u>	<u>74,707</u>
	<u>180,018</u>	<u>239,149</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST DECEMBER 2022**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	30,465	18,440
Amounts owed to group undertakings	-	62,444
Social security and other taxes	29,835	20,561
Other creditors	40,235	25,769
Accruals and deferred income	-	49,637
Accrued expenses	6,000	5,160
	<u>106,535</u>	<u>182,011</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	96,581	8,000
Between one and five years	<u>362,521</u>	<u>48,000</u>
	<u>459,102</u>	<u>56,000</u>

15. MOVEMENT IN FUNDS

	At 1/1/22	Net movement in funds	Transfers between funds	At 31/12/22
	£	£	£	£
Unrestricted funds				
General fund	350,697	(63,907)	10,396	297,186
Beijing operations fund	130,662	-	(28,192)	102,470
Fixed Asset designated fund	<u>904</u>	<u>-</u>	<u>17,796</u>	<u>18,700</u>
	482,263	(63,907)	-	418,356
Restricted funds				
Other	1,085,597	(174,694)	-	910,903
Third Pole	161,494	(113,960)	-	47,534
Dialogo Chino	<u>40,526</u>	<u>25,515</u>	<u>-</u>	<u>66,041</u>
	<u>1,287,617</u>	<u>(263,139)</u>	<u>-</u>	<u>1,024,478</u>
TOTAL FUNDS	<u>1,769,880</u>	<u>(327,046)</u>	<u>-</u>	<u>1,442,834</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST DECEMBER 2022**15. MOVEMENT IN FUNDS - continued**

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	614,569	(678,476)	(63,907)
Restricted funds			
Other	1,587,970	(1,762,664)	(174,694)
Third Pole	272,180	(386,140)	(113,960)
Dialogo Chino	<u>227,421</u>	<u>(201,906)</u>	<u>25,515</u>
	<u>2,087,571</u>	<u>(2,350,710)</u>	<u>(263,139)</u>
TOTAL FUNDS	<u><u>2,702,140</u></u>	<u><u>(3,029,186)</u></u>	<u><u>(327,046)</u></u>

Comparatives for movement in funds

	At 1/1/21 £	Net movement in funds £	Transfers between funds £	At 31/12/21 £
Unrestricted funds				
General fund	245,112	(193,391)	298,976	350,697
Beijing operations fund	430,197	-	(299,535)	130,662
Fixed Asset designated fund	<u>345</u>	<u>-</u>	<u>559</u>	<u>904</u>
	675,654	(193,391)	-	482,263
Restricted funds				
Other	721,696	363,901	-	1,085,597
Third Pole	78,481	83,013	-	161,494
Dialogo Chino	<u>47,212</u>	<u>(6,686)</u>	<u>-</u>	<u>40,526</u>
	<u>847,389</u>	<u>440,228</u>	<u>-</u>	<u>1,287,617</u>
TOTAL FUNDS	<u><u>1,523,043</u></u>	<u><u>246,837</u></u>	<u><u>-</u></u>	<u><u>1,769,880</u></u>

15. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	332,952	(526,343)	(193,391)
Restricted funds			
Other	1,745,697	(1,381,796)	363,901
Third Pole	543,000	(459,987)	83,013
Dialogo Chino	<u>215,828</u>	<u>(222,514)</u>	<u>(6,686)</u>
	<u>2,504,525</u>	<u>(2,064,297)</u>	<u>440,228</u>
TOTAL FUNDS	<u><u>2,837,477</u></u>	<u><u>(2,590,640)</u></u>	<u><u>246,837</u></u>

There are two designated funds from unrestricted reserves:

- Beijing operations fund: costs paid in advance and committed to operating in Beijing, this fund was reduced during 2022 but is ongoing;
- Fixed asset fund: the net book value of fixed assets that are not available for general use by the charity.

16. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st December 2022.