

Report of the Trustees and Financial Statements for
the
Year Ended 31 December 2022

Hong Kong Watch
(A Charitable Incorporated Organisation)

**Contents of the Financial Statements for the
Year Ended 31 December 2022**

	Page
Company Information	1
Report of the Trustees	2
Report of the Independent Examiner	13
Statement of Financial Activities	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17

Company Information for the
Year Ended 31 December 2022

Report of the Trustees
for the Period 1 January 2022 to 31 December 2022

The trustees present their report with the financial statements of the charity for the period 1 January 2021 to 31 December 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in October 2019.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number: 1180013

Principal address

Office 7
35-37 Ludgate Hill
London
EC4M 7JN

Trustees

Gray Sergeant (Chairman)
Dr Malte Kaeding
Aileen Yi Wan Lam

UK Patrons

Alistair Carmichael MP
Lord Alton of Liverpool
Catherine West MP
Fiona Bruce MP
Sir Geoffrey Nice QC
Sir Malcolm Rifkind QC
Lord Patten of Barnes
Sarah Champion MP

International Patrons

Hon. David Kilgour JD (Canada) (Until April 2022 when he passed away)
Garnett Genuis MP (Canada)
Jung-Hoon Lee (South Korea)
Ambassador Derek Mitchell (US)
Ambassador Sam Brownback (US)
Hon. Irwin Cotler (Canada)
Senator Jim Munson (Canada)
Senator Leo Housakos (Canada)
James Bezan MP (Canada)
Melissa Lantsman (Canada)

Independent examiner

Samuel Troy FCA, Connected Accounting Limited
2 Victoria Square, St Albans, AL1 3TF

Trustees' Report for the
Year Ended 31 December 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity was formed on 20 September 2018 as a Charitable Incorporated Organisation, controlled by its governing document and which constitutes an incorporated charity. The charity registration number is 1180013.

Trustee Selection and Training

Hong Kong Watch is governed by a board of Trustees whose members are elected as the need arises. The Trustees who have served during the year are set out above. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. The charity trustees will make available to each new charity trustee, on or before his or her first appointment: a) a copy of the current version of this constitution; and b) a copy of the CIO's latest Trustees' Annual Report and statement of accounts.

Organisational Structure

The Board of Trustees administers the charity and meets regularly. Responsibility for day-to-day management of the charity has been delegated to the Chief Executive appointed by the Trustees.

Hong Kong Watch has grown significantly during the reporting period; we recruited four new staff members during the reporting period.

Our team have been working from home mainly through the reporting period due to the COVID pandemic. We have made the most of opportunities to expand our global contact base and increase international collaboration through web-platforms. As the COVID situation eased, we resumed in-person meetings with politicians and key stakeholders wherever possible.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

OBJECTIVES AND ACTIVITIES

Hong Kong Watch's charitable objects are to promote human rights (as set out in the Universal Declaration of Human Rights and subsequent United Nations conventions and declarations) in Hong Kong by all or any of the following means:

- Monitoring abuses of human rights;
- Raising worldwide awareness of human rights issues in Hong Kong;
- Promoting respect for human rights among individuals and corporations;
- Publishing authoritative research reports which provide an in-depth examination of potential violations of human rights;
- Providing technical advice to the British government and governments worldwide on human rights issues in Hong Kong;
- Commenting on proposed human rights legislation affecting Hong Kong;

Trustees' Report for the
Year Ended 31 December 2022

- Commenting on the causes of human rights abuses in Hong Kong, including violations of judicial independence and freedom of speech in academia;
- Carrying out international advocacy of human rights, making recommendations to the British government and the wider international community when violations of human rights in Hong Kong take place;
- Facilitating discussion and engagement with human rights in Hong Kong among key stakeholders in government, parliament, media, academia and Hong Kong civil society.

The Board of Trustees review the aims, objectives and activities of the organisation each year. This report looks at what the organisation has achieved and the outcomes of its work in the reporting period. The Board of Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Board of Trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

The Board of Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Board of Trustees consider how planned activities will contribute to the aims and objectives that have been set.

PUBLIC BENEFIT

In carrying out its work Hong Kong Watch pays due regard to Charity Commission guidance concerning public benefit. The trustees are satisfied that all Hong Kong Watch's activities for the financial year that ended 31 December 2021 were of public benefit and that the organisation's funds were spent so as to achieve public benefit.

ACHIEVEMENTS AND PERFORMANCE

2022 saw the ongoing crackdown on Hong Kong's civil society reaching deeper into areas of media, education and internet censorship under the threat of the National Security Law. Key trends during the reporting year included:

- Ongoing arrests of pro-democracy figures, protesters and journalists and conviction of activists under the National Security Law.
- Declining press freedom and disbanding of independent media outlets: Hong Kong drops 68 places to 148th in the global press freedom rankings; investigative news outlets set to disband.
- Disbanding of civil society organisations.
- Internet censorship: In February 2022, Hong Kong Watch received reports of our website being blocked by a number of internet providers in Hong Kong. This was followed by a formal warning from the Hong Kong Police Force's National Security Department regarding our website possibly breaching the National Security Law.
- Crackdown on civil society and education: Six Hong Kong teachers were disqualified over complaints linked to 2019 protests; Foreign English-language teachers working in Hong Kong government schools were forced to swear allegiance to the city; Universities rolled out compulsory national security law classes.

Trustees' Report for the
Year Ended 31 December 2022

- Career policeman and former Secretary for Security, John Lee, won an uncontested election and became the new Chief Executive in July 2022.

In response to the significant deterioration in Hong Kong's human rights and basic freedoms, Hong Kong Watch worked closely with Parliamentarians, international organisations, civil society groups and the media to focus the spotlight on the plights of Hong Kong's political prisoners. We also focused on driving forward the accessibility of international lifeboat schemes through regular parliamentary engagement and original research. Through our community outreach initiatives in the United Kingdom and North America, we worked to forge connections between diasporic Hong Kong communities and promote engagement with civic and democratic processes.

1. Human Rights Campaign

Political prisoners campaign

Throughout the reporting year, we continued to monitor and update our political prisoners database. We also published 'Hong Kong Court Weekly Review' to record the number of court cases related to rioting, unlawful assembly and National Security Law charges. On 28 February 2022, Hong Kong Watch gathered prominent Hong Kong pro-democracy activists overseas to issue a joint statement calling for their immediate release. We also regularly raised the cases of Hong Kong's political prisoners during meetings with our international partners.

On 3 February 2022, Hong Kong Watch launched a global Press Freedom Campaign as part of our Free Prisoners project. This campaign aimed to support local journalists in Hong Kong and call on lawmakers and likeminded governments to respond to the ongoing crackdown on press freedom in Hong Kong. Throughout March 2022, we published a series of social media posts to highlight and document the profile and case developments of journalists. We also published an original research report in April 2022 titled 'In the Firing Line: The Crackdown on Media Freedom in Hong Kong'. This report investigated the dire situation faced by Hong Kong journalists and made recommendations for international governments to speak out on freedom of press in Hong Kong. In July 2022, Hong Kong Watch co-hosted a forum on Hong Kong's press freedom in London to discuss the causes of the rapid breakdown of press freedom in Hong Kong.

International Lifeboat Campaign

In order to inform policymakers of the latest human rights developments in Hong Kong and iron out gaps in existing international lifeboat schemes, we strengthened our parliamentary engagement through regular contact with government officials and representatives in the United Kingdom, European Union, United Nations, United States and Canada.

UK

We maintain regular contact with policy-makers to inform and advise on Hong Kong's latest developments in freedom, rule of law, and autonomy. According to statistics from the Home Office, since the introduction of the BNO visa scheme in 2021 up until the end of the reporting year, a total of 160,700 applications have been received.

Trustees' Report for the
Year Ended 31 December 2022

In November 2022, the UK Government announced the expansion of the BNO Visa Scheme to include Hong Kongers born on or after the handover with at least one BNO parent. Following the publication of our policy briefing titled 'The left behind: Almost 2M Hong Kongers still do not have a route out of the city' in July 2022, we briefed officials on our findings and called on the UK government to reintroduce the Leave Outside the Rules (LOTR) arrangement, which allows eligible BNO visa applicants to stay, study and work in the UK for six months before the BNO visa becomes valid.

We are committed to developing cross-party engagement with UK Parliamentarians. In September 2022, we hosted a seminar in Liverpool as part of the Labour Party Conference events. We discussed the ongoing human rights crisis in Hong Kong and its implications on the UK's policies. In October 2022, we held another seminar at the Conservative Party Conference 2022, where we discussed the dismantling of freedoms in Hong Kong and the challenges it poses to the international rule-based order.

EU and the United Nations

Throughout the reporting year, we worked to strengthen our network in the European Union and our contact with the United Nations. In March 2022, Hong Kong Watch conducted a visit to Brussels and met with officials from seven EU member states. We raised the cases of Hong Kong's political prisoners, the National Security Law, extradition treaties, and Hong Kong's autonomous status. During our second visit to Brussels in October 2022, we met with EU representatives to discuss updates on political prisoner trials and share findings from our research reports. Our final trip to Brussels in the year took place in November 2022, where we conducted meetings with diplomatic representatives in the EU.

In September 2022, Hong Kong Watch visited Berlin to meet with German Members of Parliament and discussed how the international community should respond to the human rights crisis in Hong Kong. In November 2022, we conducted further meetings focusing on Hong Kong's deteriorating human rights situation. Hong Kong Watch also hired an employee based in Berlin and formally began cooperation with a Hong Kong focused NGO based in Germany.

We also actively participated in human rights summits and the United Nations mechanisms to keep the international community informed about Hong Kong's situation. In April 2022, Hong Kong Watch spoke at the Geneva Summit for Human Rights and Democracy and brought attention to the trial of the 47 pro-democracy activists. We returned to Geneva in November 2022, where we conducted 13 meetings to discuss follow-up actions for the ICCPR report and to ensure Hong Kong issues will be raised in China's Universal Periodic Review in 2024.

United States

We also worked to broaden our network in North America. In the US, Hong Kong Watch spoke at a Senate press conference in January 2022, detailing the crackdown on dissidents and its profound impact on civil society. In February 2022, we were invited to speak at a roundtable event to highlight the human rights crisis faced by Hongkongers, Uyghurs and Tibetans. In March 2022, we were invited to testify on "The Assault on Freedom of Expression in Asia". Using examples from Hong Kong, as well as Thailand and Myanmar, we highlighted the escalating assault on freedom of expression in the region.

Trustees' Report for the
Year Ended 31 December 2022

In February 2022, Hong Kong Watch met with a number of officials to update them on Hong Kong's recent developments and explored international lifeboat policies. During our meetings, we highlighted the encroachments on academic and religious freedom in Hong Kong under the National Security Law. We also spoke with a number of diaspora Hong Kong communities, and explored ways to strengthen the diasporic network and empower Hong Kongers in exile. In November to December 2022, Hong Kong Watch made a final visit to Washington DC and conducted 16 meetings with policy experts, human rights activists, NGO representatives and journalists.

Canada

Since the announcement of the Canadian lifeboat scheme in February 2022, Hong Kong Watch worked to identify gaps within the proposed framework to ensure it remains accessible to more Hong Kongers in need. In May 2022, Hong Kong Watch began the campaign to extend and expand the Open Work Permit and Stream B Pathway for Hong Kongers. On 23 August 2022, we welcomed a joint letter signed by a cross-party group of 19 Parliamentarians which cited our research and recommendations. During a visit to Ottawa in October 2022, Hong Kong Watch conducted a series of meetings to discuss the Open Work Permit scheme and give updates on Hong Kong's political prisoners. In particular, we testified to call for the expansion and extension of the Open Work Permit lifeboat scheme and raised questions on the PRC police stations in Canada. We also met with a number of parliamentarians to further discuss the Canadian lifeboat schemes, which was followed by the publication of our research paper detailing case studies of Hong Kongers struggling to access the Open Work Permit and qualify for the Stream B Pathway. In November 2022, Hong Kong Watch Patron Lord Patten of Barnes wrote a letter calling for the extension and expansion of the Open Work Permit and Stream B Pathway. Throughout November and December 2022, we met with a number of officials to discuss the Open Work Permit and Stream B Pathway, the Youth Initiative programme, and give updates on the human rights situation in Hong Kong.

Apart from our international lifeboat campaign, we are also committed to strengthening our presence in Canada and deepening our connections with Canadian policymakers. In December 2022, Hong Kong Watch announced the appointment of two new Patrons in Canada. They will serve alongside our other international Patrons in the UK and the US. Our Patrons are drawn from across the political spectrum, reflecting our cross-party and bipartisan approach.

2. Research and Policy Briefing

Monthly human rights development briefing

Through our in-depth research report and policy briefings, we aim to provide comprehensive and independent analysis on the human rights situation in Hong Kong, support the development of our international campaigns, and inform policymakers around the globe of policy gaps and ways to enhance support for the diasporic Hong Kong community in their countries. Our human rights development briefings are published monthly to document the rapid deterioration of human rights in Hong Kong as they happen since the implementation of the National Security Law in Hong Kong in July 2020.

**Trustees' Report for the
Year Ended 31 December 2022**

Research on press freedom campaign

Hong Kong Watch also conducted original research to support our work. Alongside the launch of our global Press Freedom campaign in February 2022, we published a research report titled 'In the Firing Line: The Crackdown on Media Freedom in Hong Kong' on 26 April 2022. The report found that press freedom in Hong Kong is 'dire' and presented a range of recommendations for international governments. This research report was launched at an event in the House of Commons hosted by a Patron of Hong Kong Watch, where Hong Kong Watch staff discussed the findings.

Research on international lifeboat campaign

We also published a series of policy briefings as part of our international lifeboat campaign to inform policymakers of the gaps in international lifeboat schemes and the need of Hong Kongers at risk. In the briefing titled 'The left behind: Almost 2M Hong Kongers still do not have a route out of the city', we presented a number of case studies and identified loopholes in the current international lifeboat scheme. In November 2022, Hong Kong Watch released a policy briefing titled 'Case studies: Hongkongers struggling to access the Open Work Permit scheme' with a focus on identifying barriers in Canada's lifeboat scheme.

ESG reports

Throughout the reporting year, Hong Kong Watch published two in-depth ESG reports which looked at links between pension funds in the UK, US and Canada and Chinese companies with involvements in Uyghur forced labour programmes and internment camps. The research titled 'Passively Supporting Oppression' investigated investments from the US and Canada in Chinese firms with troubling human rights records and made recommendations to the respective governments. This report was launched in the Canadian House of Commons on 8 June 2022, and at the Reagan Events Centre in Washington DC on 15 June 2022.

On 21 November 2022, Hong Kong Watch released the second ESG report titled 'Passively Funding Crimes Against Humanity'. The report analysed UK, USA, and Canadian pension funds' passive investments in Chinese companies with known links to Uyghur forced labour in Xinjiang. Its launch was held at Westminster on 22 November 2022. Our findings were reported extensively by media outlets, including Financial Times, The Guardian, and The Star. In the same month, Hong Kong Watch gave evidence to a Special Committee in Canada, where we presented our research findings and policy recommendations.

Other research papers and policy briefings

In April 2022, our report titled '"Patriots Only": Hong Kong Officials and Lawmakers' Property Overseas' investigated overseas properties held by Hong Kong officials who pledged allegiance to Beijing and publicly supported the National Security Law. The research found that 9 Hong Kong officials and 12 members of Hong Kong's "patriots only" legislature and their families have property overseas. The report also urged like-minded governments to consider introducing audit powers to audit the assets of Hong Kong and Chinese officials in their respective countries.

Trustees' Report for the
Year Ended 31 December 2022

On 13 October 2022, Hong Kong Watch published a policy paper titled 'PRC Embassies in Disguise: Hong Kong Economic and Trade Offices are Another Overseas Arm of the CCP'. The paper argued that Hong Kong Economic and Trade Offices (HKETOs) are used today to exert PRC influence abroad through managing Hong Kong SAR's image, publicly supporting the National Security Law and promoting exchanges in ways that befits Beijing's narratives. It called for host countries to review the status and rebrand HKETOs.

Following the 20th National Congress of the Chinese Communist Party, Hong Kong Watch released a briefing examining the outcomes of the Party Congress, Hong Kong Chief Executive John Lee's first policy address and risks they pose for Canada.

3. Education and Community Outreach

Youth Initiative and internship programme

In recognition of the desire of many newly arrived Hong Kongers to participate in civic and political life in the UK, Hong Kong Watch hosted a one-day workshop in October 2022. The workshop saw sharings and discussions on engaging the UK Parliament, media and communications, and the role of the international community.

To promote integration into the Canadian civic society and strengthen representation of Hong Kong Canadians in Canada, Hong Kong Watch introduced the Youth Initiative programme in a Toronto community centre in July 2022. Later in August 2022, Hong Kong Watch Canada hosted both in-person and online briefing sessions joined by over 20 young HongKongers from across Canada. The programme included eight training sessions and workshops. The Youth Initiative programme was officially launched at a community centre in Toronto in November 2022 and was attended by over 100 guests. On 26 November 2022, Hong Kong Watch returned to Toronto and participated in a community centre event and hosted a roundtable discussion on Canada's Open Work Permit scheme for Hong Kongers.

Civic and political engagement series

In 2022, Hong Kong Watch began a series of civic and political engagement events, which aims to help the Hong Kong BNO community better understand the UK's political and social structures and the ways they can engage with civic and democratic processes. In April 2022, we hosted an event where representatives from the different political parties explained the role of local government ahead of the local elections. A post-election discussion was later held in May 2022, where panellists discussed how the local election results would impact UK politics. A seminar held in August 2022 discussed the Conservative Party leadership race, where expert panellists analysed the contenders for Prime Minister. To educate BNO Hong Kongers about the workings of the British parliamentary system and increase their awareness of how democracy works in practice, Hong Kong Watch organised a tour of the Houses of Parliament which welcomed 50 participants, and a one-hour Q&A session with MPs in Parliament joined by an MP and 40 participants.

Trustees' Report for the
Year Ended 31 December 2022

We also focused on educating the public on social support and resources in the UK, and strengthening connections within the BNO community. In July 2022, Hong Kong Watch co-hosted an event in Manchester to discuss support for BNOs in the region, such as access to local representatives and the asylum system, which welcomed around 70 people. In September 2022, we organised a lecture on modern British social history to an audience of around 60 attendees. A seminar held in November 2022 welcomed a panel of speakers from healthcare, education and accounting sector to deliver presentations and answer questions from an audience of 40 attendees. In the same month, we also organised a community gathering which included a one-hour seminar, book stalls, a mini exhibition on Hong Kong history, and a Hong Kong style milk tea stall. This event attracted 60 attendees.

Film screening

With the support of local partners, Hong Kong Watch co-hosted two international screenings of 'Black Bauhinia'. The Brussels screening, held on 22 March 2022, was followed by a panel discussion. A second screening and Q&A was held in Calgary and Edmonton on 24 and 25 September 2022 respectively. On 10 October 2022, we co-organised a screening and panel discussion on the documentary 'The Hong Konger' in London.

North America activities

On 29 March 2022, Hong Kong Watch co-organised a panel discussion on Hong Kong National Security Law in Washington DC. The panel discussed how the National Security Law was used to crack down on Hong Kong's freedoms and democracy. In July 2022, we organised a visit to the US Congress and welcomed over 20 participants. On October 1, Hong Kong Watch co-hosted a meet and greet session in Toronto with a discussion on international advocacy work and development of the Hong Kong diaspora community. The event was attended by 50 participants. Later on 7 October 2022, a meet and greet dinner held in Calgary was joined by 50 Hong Kongers.

Other Activities

On 1 July 2022, Hong Kong Watch hosted an event to mark the 25th anniversary of Hong Kong's handover, with a keynote speech by Lord Patten of Barnes, the last Governor of Hong Kong and Patron of Hong Kong Watch. This event welcomed over 400 attendees.

4. Media and Social Media

Engagement via media and our social media channels is an essential tool for Hong Kong Watch to raise public awareness of Hong Kong's human rights issues and to disseminate educational information with regards to human rights standards to a wide audience.

Hong Kong Watch has broadened its extensive network in international and Hong Kong media, both print and online. During the reporting period, a total of 49 op-eds written by our Patrons and staff members were published in leading media outlets across the world, including The Telegraph, City A.M., The Wall Street Journal, The Spectator, Foreign Policy, The Diplomat, The Tablet, Benefits Canada, and National Post.

Trustees' Report for the
Year Ended 31 December 2022

We continued to build on our reputation of expertise on Hong Kong by giving interviews and commenting on TV and radio channels. During the reporting period, we secured extensive media coverage, including in top media outlets such as BBC, CNBC, Bloomberg, Financial Times, The Guardian, Reuters, The Telegraph, The Times, Wall Street Journal, Washington Post, The Globe and Mail, and National Post.

Hong Kong Watch makes an impact through online presence as well, on social media platforms and our website by:

- raising awareness and reaching new audiences
- publicising our research and views
- offering ways for our supporters and Hong Kong people to communicate with us
- allowing us opportunities to establish relationships with civil society actors, policymakers and media globally
- promoting our fundraising campaigns

On YouTube, our interview series 'In Conversation with Benedict Rogers' remained popular throughout the reporting year. Our other social media platforms, Facebook, Instagram and Twitter, all saw a rise in impact in the reporting year. This increased online presence was also reflected on our website, where all activity updates, research reports, events, campaigns, and media coverage of the organisation were posted.

FINANCIAL REVIEW

Hong Kong Watch concluded 2022 with a surplus of £272,940 and a reserve of three years' worth of current HR expenditure (£1,019,329). The surplus is necessary for cash flow and to maintain a balanced budget in 2023 and beyond, as most funding sources are secured on an annual basis and have not yet been confirmed for future years. However, the charity remains in a strong position to sustain and expand its activities in the future.

Fundraising efforts in 2022 focused on a crowdfunding campaign during the summer, which raised £85,774. With these funds, the organisation was able to expand its operations, including the hiring of new staff members. This brings the total number of employees and regular contractors to nine by the end of 2022.

Principal funding sources

The principal source of funding for Hong Kong Watch during the reporting period was private donations from individuals. Even though total income decreased by 18% compared to the previous period, the charity has managed to further increase reserves, maintain impactful activities and recruit more staff members.

We would like to express our gratitude for the generous contributions made by the individuals who have funded our work, as well as the grant makers and foundations that have supported us with donations during 2022.

Trustees' Report for the
Year Ended 31 December 2022

Hong Kong Watch has not employed any professional fundraisers or commercial participators to carry out fundraising activities directly with the public. The organisation also did not have any fundraising carried out by third parties and therefore did not subscribe to any fundraising schemes or codes.

Policy on reserves

The Board maintains its position that the organisation should keep unrestricted reserves adequate for 3 years of the current level of HR expenditure. The objective is to ensure that the charity will be in a position to sustain its activities in the long term. The Director and Finance & Operations Manager will continue to work with the Board of Trustees to monitor reserves and manage annual budgets and current activities to align with this policy whilst the profile and reach of the charity grows.

PLANS FOR FUTURE PERIODS

As the assault on the human rights situation in Hong Kong continues in full force since the implementation of the National Security Law in 2020, Hong Kong Watch will continue to focus the international spotlight on the city and speak up for the rights and freedoms of Hong Kongers. Priority areas going forward include: continuing to keep a spotlight on the human rights situation in Hong Kong; advocate for lifeboat assistance for Hong Kongers; speaking up for political prisoners in Hong Kong; campaigning for the release of frozen MPF savings in Hong Kong; ensuring that perpetrators of human rights violations in Hong Kong, the undermining of the rule of law, and breaches to the Sino-British Joint Declaration are held to account; conducting research on business, human rights and ethical investments, the impact of the National Security Law, academic freedom and freedom of religion or belief; providing civic and political education for the Hong Konger diaspora through our Civic and Political Engagement series, Youth Initiative programmes and community events, and continuing to educate policy-makers, the media and the public about the situation in Hong Kong.

Responsibilities of trustees

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' Statement of Recommended Practice (SORP);
- make judgments and accounting 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 operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the

Trustees' Report for the
Year Ended 31 December 2022

assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO INDEPENDENT EXAMINER

Each of the persons who is a Trustee at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant information of which the charitable company's independent examiner is unaware; and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's independent examiner in connection with preparing their report and to establish that the charitable company's independent examiner are aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the Trustees on 24 October 2023 and signed on their behalf by:

GRAY SERGEANT

.....

Gray Sergeant
Chair, Hong Kong Watch

**Report of the Independent Examiner to the Trustees of
Hong Kong Watch**

I report on the accounts for the Year Ended 31 December 2022, which are set out on pages fifteen to twenty one.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I have examined your charity's accounts as required under section 145 of the Charities Act 2011 ('the Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. that accounting records were not kept as required by section 130 of the Act; or
2. that the accounts do not accord with those records; or
3. that the accounts do not comply with the accounting requirements of the Act; or
4. that there is further information needed for a proper understanding of the accounts.

Independent examiner's statement

I have completed my examination and have no concerns in respect of the matters (1) to (4) listed above and, in connection with following the Directions of the Charity Commission I have found no matters that require drawing to your attention.

SAMUEL TROY

.....

Samuel Troy FCA

Connected Accounting Limited

Date: 30 October 2023

Statement of Financial Activities for the
Year Ended 31 December 2022

	Unrestricted funds £	Restricted funds £	31.12.22 Total funds £	31.12.21 Total funds £
Notes				
INCOMING RESOURCES				
Incoming resources from generated funds				
Donation and legacies	452,718	13,560	466,278	566,701
Grants	-	133,200	133,200	-
Investment income	1,347	-	1,347	18
Total incoming resources	454,065	146,760	600,825	566,719
 RESOURCES EXPENDED				
Costs of generating funds				
Fundraising	32,933	-	32,933	30,309
 Charitable activities				
Research, advocacy and education	196,164	157,903	354,067	241,840
Total resources expended	229,097	157,903	387,000	272,149
 Net Incoming/(Outgoing) resources	224,968	(11,143)	213,825	294,570
 Transfers between funds	-	-	-	-
 Net movement in funds	224,968	(11,143)	213,825	294,570
 Total funds brought forward	1,071,612	6,832	1,078,444	783,874
 TOTAL FUNDS CARRIED FORWARD	1,296,580	(4,311)	1,292,269	1,078,444

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.
The statement of financial activities includes all gains and losses recognised in the year.

The notes form part of these financial statements.

Balance Sheet
At 31 December 2022

		Unrestricted funds £	Restricted funds £	31.12.22 Total funds £	31.12.21 Total funds £
	Notes				
FIXED ASSETS					
Tangible assets	4	4,691	2,195	6,886	3,288
CURRENT ASSETS					
Cash in hand		1,278,610	27,412	1,306,022	993,679
Prepayments		5,786	-	5,786	-
Other Debtors		19,507	-	19,507	100,396
		1,303,903	27,412	1,331,315	1,094,075
CREDITORS					
Amounts falling due within one year	9	(12,014)	(33,918)	(45,932)	(18,919)
NET CURRENT ASSETS		1,291,889	(6,506)	1,285,383	1,075,156
TOTAL ASSETS LESS CURRENT LIABILITIES		1,296,580	(4,311)	1,292,269	1,078,444
NET ASSETS		1,296,580	(4,311)	1,292,269	1,078,444
FUNDS	6				
Unrestricted funds				1,296,580	1,071,612
Restricted funds				(4,311)	6,832
TOTAL FUNDS				1,292,269	1,078,444

These financial statements have been prepared in accordance with the provisions applicable to the small companies' regime. The financial statements were approved by the Board of Trustees on 24 October 2023 and were signed on its behalf by:

GRAY SERGEANT

.....
Gray Sergeant, Chair

The notes form part of these financial statements.

Cash Flow Statement for the
Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
Net cash inflow from operating activities	1	317,491	223,802
Returns on investments and servicing of finance			
Proceeds from the disposal of equipment		-	799
Purchases of equipment		(5,148)	(3,027)
Cash and cash equivalents at the beginning of the reporting period		993,679	772,105
Cash and Cash equivalents at the end of the reporting period		<u>1,306,022</u>	<u>993,679</u>

1. RECONCILIATION OF NET (OUTGOING)\INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.22 £	31.12.21 £
Net (outgoing)\incoming resources	213,825	294,570
Depreciation charges	1,550	285
Decrease/(increase) in debtors	75,104	(87,545)
Increase/(decrease) in creditors	<u>27,012</u>	<u>16,492</u>
Net cash inflow from operating activities	<u>317,491</u>	<u>223,802</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.01.22 £	Cash flow £	At 31.12.22 £
Net cash			
Cash in hand	993,679	312,343	1,306,022
Liquid resources			
Current asset investments	-	-	-
Total	<u>993,679</u>	<u>312,343</u>	<u>1,306,022</u>

The notes form part of these financial statements

Notes to the Financial Statement for the
Year Ended 31 December 2022

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements 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 Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hong Kong Watch meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

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.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 December 2022.

Trustees' expenses

Expenses reimbursed to trustees' for the period ended 31 December 2022 were £4,509 (2021: £Nil).

Notes to the Financial Statement for the
Year Ended 31 December 2022

3. STAFF COSTS

	31.12.22	31.12.21
	£	£
Wages and salaries	191,505	175,690
Social security costs	13,791	12,600
Employer pension costs	4,883	4,123
Other	-	-
	<u>210,179</u>	<u>192,413</u>

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

31.12.22	31.12.21
<u>7</u>	<u>7</u>

No employees received emoluments above £60,000

Key management personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £42,524 (2021: £41,013), including pension costs.

4. TANGIBLE FIXED ASSETS

	Office equipment
COST	
At 1 January 2022	3,677
Additions	5148
Disposals	<u>-</u>
At 31 December 2022	<u>8,825</u>
DEPRECIATION	
At 1 January 2022	(389)
Charge for year	<u>(1,550)</u>
At 31 December 2022	<u>(1,939)</u>
NET BOOK VALUE	
At 31 December 2021	<u>3,288</u>
At 31 December 2022	<u>6,886</u>

Notes to the Financial Statement for the
Year Ended 31 December 2022

5. ANALYSIS OF SUPPORT AND DIRECT COSTS

Support Costs	Fundraising	Research, Advocacy & Education	31.12.22 Total	31.12.21 Total
	£	£	£	£
Management				
Insurance	585	5,910	6,495	2,042
Postage & Stationery	96	2,109	2,204	593
Advertising	2,200	18,633	20,833	13,819
Staff training	396	-	396	-
Sundries	32	214	246	801
Depreciation	112	1,438	1,550	285
Computer Software, Telephone & Consumables	<u>151</u>	<u>2,247</u>	<u>2,398</u>	<u>1,020</u>
	3,572	30,551	34,123	18,560
Finance				
Bank & Transaction Charges	9,009	669	9,678	11,301
Foreign exchange Gains /Loss	(6,183)	6,700	516	1,424
Accountancy, Legal & Professional fees	<u>597</u>	<u>12,633</u>	<u>13,230</u>	<u>6,024</u>
	3,424	20,001	23,425	18,749
Governance				
Independent Examination Fees	130	1,310	1,440	1,440
Human Resources				
Wages & Salaries	<u>2,997</u>	<u>39,037</u>	<u>42,034</u>	<u>38,577</u>
Total Support Costs	<u>10,122</u>	<u>90,899</u>	<u>101,021</u>	<u>77,326</u>
Direct Costs				
Event Costs	10,516	10,887	21,403	5,149
Purchases	-	13,077	13,077	-
Other Research Costs	-	7,842	7,842	1,960
Travel Costs	264	27,289	27,553	2,909
Wages & Salaries	11,993	156,152	168,145	154,314
Consultancy	<u>38</u>	<u>47,921</u>	<u>47,959</u>	<u>30,551</u>
Total Direct Costs	<u>22,811</u>	<u>263,168</u>	<u>285,979</u>	<u>194,883</u>
Total Resources Expended	<u>32,933</u>	<u>354,067</u>	<u>387,000</u>	<u>272,149</u>

Notes to the Financial Statement for the
Year Ended 31 December 2022

6. MOVEMENT IN FUNDS

	At 1.1.22 £	Income £	Expenditure £	At 31.12.22 £
Unrestricted funds				
General fund	1,071,612	454,065	(229,097)	1,296,580
Restricted funds				
Evenstar	-	13,000	(13,000)	-
Groundwork London	-	10,000	(10,000)	-
Democracy Fund	3,118	90,565	(93,683)	-
Unbound Philanthropy	3,714	26,641	(34,666)	(4,311)
Taiwan Foundation for Democracy	-	6,554	(6,554)	-
Total Restricted Funds	<u>6,832</u>	<u>146,760</u>	<u>(157,904)</u>	<u>(4,311)</u>
TOTAL FUNDS	<u>1,078,444</u>	<u>566,719</u>	<u>(272,149)</u>	<u>1,292,268</u>

Comparatives for movement in funds

	At 1.1.21 £	Income £	Expenditure £	At 31.12.21 £
Unrestricted funds				
General fund	779,767	437,549	(145,704)	1,071,612
Restricted funds				
Democracy Fund 1	989	23,083	(24,072)	-
Democracy Fund 2	3,118	83,576	(83,576)	3,118
Unbound Philanthropy	-	17,333	(13,619)	3,714
Taiwan Foundation for Democracy	-	5,178	(5,178)	-
Total Restricted Funds	<u>4,107</u>	<u>129,170</u>	<u>(126,445)</u>	<u>6,832</u>
TOTAL FUNDS	<u>783,874</u>	<u>566,719</u>	<u>(272,149)</u>	<u>1,078,444</u>

Fund Note

Evenstar

Research project on human rights, rule of law and business in Hong Kong.

Democracy Funds

A project to research and advocate collaboration on international policy between legislators.

Notes to the Financial Statement for the
Year Ended 31 December 2022

Fund Note (continued)

Unbound Philanthropy

Unbound Philanthropy has approved a generous grant of £50,000 over 24 months to promote the rights and integration of refugees and the British National (Overseas) Status Holders in the UK.

Taiwan Foundation for Democracy

TFD generously funded the rollout of an influential new 80+ page report on the relationship between China, Human Rights, and ESG / Ethical investment. They funded the report design and printing, as well as two packed launch events at the Conservative and Labour Party conferences.

Groundwork London

Civic engagement project for newly arrived Hong Kongers

7. PENSIONS AND OTHER POST RETIREMENT BENEFITS

Defined contribution plans

The amount recognised in income or expenditure in relation to defined contribution plans was £4,883 (2021: £4,123).

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. Contributions of £Nil (2021: £809) were payable to the fund as at the balance sheet date.

8. FINANCIAL INSTRUMENTS

	31.12.22 £	31.12.21 £
Financial assets measured at fair value through income and expenditure	1,307,513	994,405
Financial assets measured at amortised cost	<u>23,802</u>	<u>99,671</u>
	<u>1,331,315</u>	<u>1,094,076</u>
Financial liabilities measured at amortised cost	<u>(45,932)</u>	<u>(18,110)</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Trade creditors	2,868	871
Other creditors	4,528	7,934
Accruals and deferred income	<u>38,536</u>	<u>10,114</u>
	<u>45,932</u>	<u>18,919</u>

**Notes to the Financial Statement for the
Year Ended 31 December 2022**

10. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.