

Registered Company No: 6451283

Registered Charity No:1133206

Huo Family Foundation (UK) Limited

Annual report and financial statements for the year ended 31 December 2011



Huo Family Foundation (UK) Limited

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Huo Family Foundation (UK) Limited

Charity details

Directors and Trustees

Yan Huo
Xue Fang
Janice Gu

Secretary

Temple Secretanal Limited

Registered office

16 Old Bailey
London
EC4M 7EG

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Bankers

Citibank, N A
41 Berkeley Square
London
W1J 5AN

Solicitors

Withers LLP
16 Old Bailey
London
EC4M 7EG

Status

Huo Family Foundation (UK) Limited is a private limited company, company number 6451283 It is registered in the United Kingdom as a charity, number 1133206

Huo Family Foundation (UK) Limited

Directors' report for the year ended 31 December 2011

The directors, who are also the trustees of Huo Family Foundation (UK) Limited ("the Foundation"), present their report and audited financial statements for the year ended 31 December 2011, which have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" revised in March 2005 and the Charities Act 2011, and applicable accounting standards in the United Kingdom

The Charity details on page 1 form part of this report

Governing documents

The Foundation is a charitable company limited by shares governed by its Memorandum and Articles of Association. It was incorporated on 12 December 2007 and registered with the Charity Commissioners as a charity on 9 December 2009.

The Huo Family Foundation, a charity registered in the USA, owns the entire issued share capital of the Foundation. The Huo Family Foundation is a non-stock corporation incorporated in the State of Delaware and established exclusively for charitable purposes. Yan Huo and Xue Fang are common directors and trustees of both the Huo Family Foundation and the Foundation.

Objects and strategy

The objects of the Foundation are such exclusively charitable purposes as the trustees may in their absolute discretion determine.

The Foundation has been established as a grant making charity and the trustees intend to make grants primarily to charities that support disadvantaged young children and the elderly, and that work in the arts and education.

The directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit, as required by Section 4 of the Charities Act 2011, when reviewing the objects and strategy of the Foundation and in planning future activities. In particular, the directors consider how planned activities will contribute to the strategy of the Foundation.

Directors and trustees

The directors and trustees of the Foundation, who were in office during the year and up to the date of signing the financial statements, were:

Yan Huo
Xue Fang
Janice Gu

Appointment of directors

The directors of the Foundation are also the trustees for the purposes of charity law. As per the Articles of Association the directors shall be appointed by ordinary resolution of the sole shareholder. The number of directors shall not be less than two but is not subject to any maximum number. A director is elected to serve the time that he or she is appointed or in absence of such an appointment until removed or retirement.

Huo Family Foundation (UK) Limited

Directors' report for the year ended 31 December 2011 (continued)

Trustee induction and training

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes of the Foundation and the Foundation's future plans and objectives. The trustees are kept updated on any changes to their obligations and responsibilities.

Organisation

The directors are responsible for the strategic direction and policy of the Foundation and make all decisions in relation to the Foundation. In furtherance of this, the directors meet as and when required. The directors may delegate any of their powers or functions to a committee of two or more directors but the terms of delegation must be agreed in advance.

Advisors

The names and addresses of the Foundation's advisors are shown on page 1.

Review of activities

During the year under review, the Foundation received donations of US\$1,616,193 (2010 US\$nil).

Review of transactions and financial position

During the year, total income was US\$2,109,928 (2010 US\$5,194). This is represented by investment income of US\$40,873 (2010 US\$5,194), donations of US\$1,616,193 (2010 US\$nil) from Yan Huo, one of the directors of the Foundation and gift aid of \$452,862 (2010 US\$nil).

The net movement in funds for the year, as shown in the statement of financial activities, amounted to a surplus of US\$314,817 (2010 deficit of US\$1,158,834).

The value of the Foundation's net assets at 31 December 2011 is US\$359,440 (2010 US\$44,623).

Investment policy and performance

In accordance with the Memorandum and Articles of Association the directors have the power to invest in such stocks, shares and investments as they see fit. The directors can delegate the management of investments to a financial expert only on the terms set in the Articles of Association.

The assets are currently invested in fixed income markets and are held in custody by the Investment Manager.

The directors consider the grant requirements each year and the amount of investment income that will be generated from the investments held.

The directors do not take into consideration any specific social, environmental or ethical considerations when carrying out the investment objective.

The directors have monitored the performance of investments in the financial year by reviewing monthly reports.

Huo Family Foundation (UK) Limited

Directors' report for the year ended 31 December 2011 (continued)

Investment policy and performance (continued)

During the financial year, investments were disposed at a realised loss of US\$107,599 (2010 US\$313) and the portfolio has increased in value by US\$980,798 (2010 decrease of US\$10,650) as a result additional investments

Investment income in the financial year amounted to US\$40,873 (2010 US\$5,194)

Policy statement on reserves

The policy of the directors is to maintain sufficient reserves in order to fulfil future expected funding requirements of projects that extend over several years. In determining the appropriate level of reserves, the directors take into account the young nature of the Foundation as well as potential fluctuation of its income stream in future years. The policy is reviewed on an annual basis.

Having regard to these considerations, taking into account its foreseeable activity level and general operating environment, the Foundation currently targets to have reserves of \$500,000.

As at 31 December 2011, the Foundation has reserves of \$359,440, which is a increase of \$314,817 relative to last year end. The directors are considering new grants for the coming year and anticipate that while reserves may fluctuate from year to year, over time they will come down to a level close to the target.

The Foundation is not currently seeking to raise funds from the general public.

Grant making

The directors review applications and appeals, and then distribute funds in furtherance of the Foundation's objects. During the year the Foundation distributed US\$1,598,559 (2010 US\$1,059,571).

Plans for future developments

In the coming year, the Foundation plans to provide charitable support in accordance with its objects and strategy as described on page 2.

Public benefit statement

The directors confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The Foundation plans to provide charitable support for the public benefit in accordance with its objects and strategy as described on page 2.

This is done through donations to benefit those charities that support disadvantaged young children and the elderly, and work in the arts and education.

Huo Family Foundation (UK) Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

The directors (who are also the trustees of Huo Family Foundation (UK) Limited for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors 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 income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The directors are responsible for keeping proper accounting records that 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. 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.

Statement of disclosures of information to auditors

So far as each director is aware, there is no relevant audit information of which the Foundation's auditors are unaware, and they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

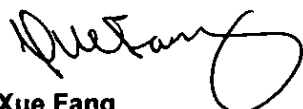
Internal controls and the mitigation of major risks

The directors have identified and reviewed the major risks of the Foundation such as foreign exchange movements and the Foundation's cash flow position, and have established internal controls to mitigate these risks. The directors confirm that the controls implemented are appropriate to the size of the Foundation and the nature of its operations.

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Foundation will be proposed at the annual general meeting.

On behalf of the board of directors



Xue Fang
Director

Date 27 September 2012

Huo Family Foundation (UK) Limited

Independent auditors' report to the member of Huo Family Foundation (UK) Limited

We have audited the financial statements of Huo Family Foundation (UK) Limited for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 5, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

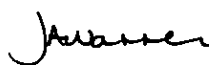
Huo Family Foundation (UK) Limited

Independent auditors' report to the member of Huo Family Foundation (UK) Limited (continued)

Matters on which we are required to report by exception

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



Jill Warren (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2012

Huo Family Foundation (UK) Limited

Statement of financial activities for the year ended 31 December 2011

(incorporating income and expenditure account)

	Notes	2011 Unrestricted Funds US\$	2010 Unrestricted Funds US\$
Incoming resources			
Incoming resources from generated funds			
Voluntary income	2	2,069,055	-
Investment income	3	40,873	5,194
Total incoming resources		<u>2,109,928</u>	<u>5,194</u>
Resources expended			
Charitable activities	4	(1,598,559)	(1,059,571)
Governance costs	5	(105,372)	(88,304)
Total resources expended		<u>(1,703,931)</u>	<u>(1,147,875)</u>
Net incoming/(outgoing) resources	6	405,997	(1,142,681)
Other recognised gains and losses			
Net unrealised investment gains/(losses)	8	23,147	(10,650)
Loss on disposal of investment		(107,599)	(313)
Foreign exchange losses		(6,728)	(5,190)
Net movement in funds		<u>314,817</u>	<u>(1,158,834)</u>
Fund balances brought forward		44,623	1,203,457
Fund balances carried forward		<u>359,440</u>	<u>44,623</u>

All of the Foundation's activities are derived from continuing operations

The Foundation has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the net incoming/(outgoing) resources and the net movement in the funds stated above and their historical costs equivalents

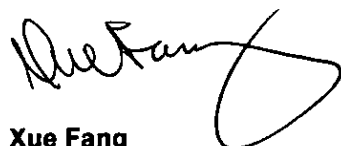
Huo Family Foundation (UK) Limited
Registered Company No 6451283
Registered Charity No 1133206

Huo Family Foundation (UK) Limited

Balance sheet at 31 December 2011

	Notes	2011 US\$	2010 US\$
Fixed assets			
Investments	8	<u>1,774,263</u>	<u>793,465</u>
Current assets			
Debtors	9	4,524	2
Cash at bank and in hand		<u>339,273</u>	<u>65,832</u>
Total current assets		<u>343,797</u>	<u>65,834</u>
Creditors amounts falling due within one year	10	(842,231)	(314,676)
Net current liabilities		<u>(498,434)</u>	<u>(248,842)</u>
Total assets less current liabilities		1,275,829	544,623
Creditors amounts falling due after more than one year	11	(916,389)	(500,000)
Net assets		<u>359,440</u>	<u>44,623</u>
The funds of the charity			
Unrestricted income funds			
- Share capital	12	2	2
- General	13	336,291	44,621
- Revaluation reserve	8	23,147	-
Total charity funds	15	<u>359,440</u>	<u>44,623</u>

The financial statements on pages 8 to 15 were approved by the directors on 27 September 2012 and were signed on their behalf by



Xue Fang
Director

Huo Family Foundation (UK) Limited
Registered Company No 6451283
Registered Charity No 1133206

Huo Family Foundation (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, the Statement of Recommended Practice, "Accounting and Reporting by Charities" (revised 2005) ("SORP 2005"), the Companies Act 2006 and the Charities Act 2011. A summary of the principal accounting policies, which have been applied consistently is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention with the exception that investments are included at market value.

The charity has availed itself of paragraph 4 (1) of Schedule 1, Part 1 of Statutory Instrument 2008/410 and adapted the Companies Act formats to reflect the special nature of the Foundation's activities.

Functional currency

The financial statements are prepared in US\$, which is the functional currency of the Foundation, since this is the currency of the primary economic environment in which the Foundation operates. All donations receivable are expected to be denominated in US\$.

Going concern

As at 31 December 2011, the balance sheet of the Foundation shows net current liabilities. If needed to meet these liabilities, the Foundation has the ability to liquidate their fixed asset investments. The Foundation therefore has adequate financial resources and as a consequence, the trustees believe that the Foundation is well placed to manage its business risks successfully.

After making enquiries, the trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing these financial statements.

Income

Income is credited to the statement of financial activities on a receivable basis and valued on date of pledge / receipt. Investment income is stated inclusive of recoverable taxation.

Expenditure

Liabilities are recognised as resources expended when there is a legal or constructive obligation committing the Foundation to the expenditure.

Grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved by the directors, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Foundation.

Investments

Investments are stated at mid-market value as at the Balance Sheet date.

Huo Family Foundation (UK) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1 Principal accounting policies (continued)

Investment gains and losses

Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or purchase date if later). Unrealised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or purchase date if later).

All gains and losses are taken to the Statement of Financial Activities as they arise.

Foreign currencies

Transactions in foreign currencies are translated into US\$ at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into US\$ at the rate of exchange ruling at the balance sheet date. Exchange differences are charged / credited to the statement of financial activities and hence are taken into account in arriving at the net movement in funds.

Fund accounting

The unrestricted fund comprises general funds, which may be used towards meeting the charitable objects of the Foundation at the discretion of the directors, and share capital.

Taxation

The Foundation is a registered charity, and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. VAT is included within expenditure where it is not recoverable.

Cash flow statement

The Foundation qualifies as a small entity and as a consequence, it is exempt from the requirement to publish a cash flow statement under Financial Reporting Standard 1 (revised) 'Cash flow statement'.

2 Voluntary income

	2011 Unrestricted Funds US\$	2010 Unrestricted Funds US\$
Monetary donations	1,616,193	-
Gift aid recoverable	452,862	-
	<u>2,069,055</u>	<u>-</u>

In the year, monetary donations of US\$1,616,193 represent donations received from Yan Huo, one of the directors of the Foundation.

Huo Family Foundation (UK) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Investment income

	2011 US\$	2010 US\$
Bank interest receivable	6,158	1,481
Dividends receivable	34,715	3,713
	<u>40,873</u>	<u>5,194</u>

4 Charitable activities

Amounts payable and paid in the year comprises

	2011 US\$	2010 US\$
Tate Foundation	14,318	13,217
Tate Gallery	16,101	15,227
London College of Eurhythm	-	6,127
American Red Cross	(10,000)	10,000
Youth Communication	5,000	5,000
Princeton University	10,000	1,010,000
Fudan University	750,000	-
Hill House International Junior School	36,444	-
Friends of the Prince's Trust	776,696	-
	<u>1,598,559</u>	<u>1,059,571</u>

5 Governance costs

	2011 US\$	2010 US\$
Audit fees (PwC)	35,015	28,088
Accountancy fees (PwC)	-	2,104
Accountancy fees	25,714	5,580
Tax fees (PwC)	769	32,647
Legal fees	37,289	19,058
Bank interest and charges	200	827
Custody fees	6,385	-
	<u>105,372</u>	<u>88,304</u>

The value of facilities provided to the Foundation free of charge, that would otherwise have had to be purchased, such as the use of office equipment and office space have not been recognised in the statement of financial activities because the benefit is not easily quantifiable

Huo Family Foundation (UK) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Net incoming/(outgoing) resources

Net incoming/(outgoing) resources for the year are stated after charging

	2011 US\$	2010 US\$
Auditors' remuneration		
- Audit	35,015	28,088
- Other services - tax compliance	769	32,647
- Other services - accountancy	-	2,104
	<u>35,784</u>	<u>62,839</u>

7 Staff costs and directors' remuneration

No staff were employed by the Foundation during the year (2010 none)

The directors received no remuneration in respect of their services to the Foundation during the year (2010 US\$nil) No director received any reimbursement of expenses during the year (2010 US\$nil)

8 Fixed asset investments

	2011 US\$	2010 US\$
Movement in market value		
Opening market value	793,465	-
Additions at cost	3,068,355	1,202,096
Disposals at carrying value	(2,110,704)	(397,981)
Net unrealised gain/(loss) on revaluation	23,147	(10,650)
Closing market value	<u>1,774,263</u>	<u>793,465</u>

The historic cost of the remaining investments is \$1,751,115 (2010 US\$804,115)

Investments included in the above table with a market value greater than 5% of the total portfolio market value at 31 December 2011 are as follows

	2011 US\$	2010 US\$
Pimco Rtn Bnd Invst	-	389,428
Temple BD-A-DIS	-	200,603
Templeton Glb TR A Mdis	-	203,434
US Treasury Notes 16	990,566	-
US Treasury Notes 21	783,697	-
	<u>1,774,263</u>	<u>793,465</u>

Huo Family Foundation (UK) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9 Debtors

	2011 US\$	2010 US\$
Amounts falling due within one year		
Accrued income	4,522	-
Called up share capital not paid	2	2
	<u>4,524</u>	<u>2</u>

10 Creditors: amounts falling due within one year

	2011 US\$	2010 US\$
Trade creditors	3,188	2,763
Accruals	33,580	61,913
Grants payable	805,463	250,000
	<u>842,231</u>	<u>314,676</u>

11 Creditors: amounts falling due after more than one year

	2011 US\$	2010 US\$
Grants payable	<u>916,389</u>	<u>500,000</u>

12 Share capital

	2011 US\$	2010 US\$
Allotted and called up		
1 ordinary share of £1	<u>2</u>	<u>2</u>

13 Unrestricted income funds

	1 January 2011 US\$	Incoming resources US\$	Resources expended US\$	Recognised losses US\$	31 December 2011 US\$
General funds	<u>44,621</u>	<u>2,109,928</u>	<u>(1,703,931)</u>	<u>(91,180)</u>	<u>359,438</u>

Huo Family Foundation (UK) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 Analysis of net assets between funds

	2011 Unrestricted Funds US\$	2010 Unrestricted Funds US\$
Fund balances at 31 December 2011 are represented by		
Investments	1,774,263	793,465
Debtors	4,524	2
Cash at bank and in hand	339,273	65,832
Creditors amounts falling due within one year	(842,231)	(314,676)
Creditors amounts falling due after more than one year	(916,389)	(500,000)
	<u>359,440</u>	<u>44,623</u>

15 Reconciliation of movements in funds

	2011 US\$	2010 US\$
Net movements in funds	314,817	(1,158,834)
Net addition/(reduction) to funds	<u>314,817</u>	<u>(1,158,834)</u>
Opening funds	44,623	1,203,457
Closing funds	<u>359,440</u>	<u>44,623</u>

16 Related party transactions

During the year, the Foundation received a donation of US\$1,616,193 (2010 US\$nil) from Yan Huo, a director of the Foundation

17 Ultimate controlling party

The ultimate controlling party is the Huo Family Foundation, a charity registered in the USA