

REGISTRAR OF COMPANIES

China Dialogue Trust

Annual Report and Financial Statements

31 December 2009

Company Registration Number
06477262 (England and Wales)
Charity Registration Number
1125378

TUESDAY



A38SSNSK
A11 28/09/2010 170
COMPANIES HOUSE

Contents

Reports

Reference and administrative details of the charity, its trustees and advisors	1
Trustees' report	2
Independent auditor's report	7

Financial statements

Statement of financial activities	9
Balance sheet	10
Principal accounting policies	11
Notes to the financial statements	13

Reference and administrative details of the charity, its trustees and advisors

31 December 2009

Trustees	Dr Kerry Brown Mr Jonathan James O'Grady Cameron Dr Paul Gilmore Clifford Mr Charles Jeremy Mawdesley Hardie Ms Malini Mehra Mr David Potter Ms Laura Sandys Ms Shuyun Sun
Chief executive officer	Isabel Hilton
Company secretary	Sharon Harris
Registered office	China Dialogue Trust Suite 306 Grayston Centre 28 Charles Square London N1 6HT
Telephone	020 7324 4765
Website	www.chinadialogue.net
Charity registration number	1125378
Company registration number	06477262
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	HSBC Bank plc 74 Goswell Road Clerkenwell London EC1V 7DA
Solicitors	Stone King LLP 16 St Johns Lane London EC1M 4BS

Trustees' report 31 December 2009

The trustees present their report together with the financial statements of the charity for the year ended 31 December 2009

This report constitutes a directors' report for the purposes of Part 15 of the Companies Act 2006

The financial statements have been prepared in accordance with the accounting policies set out on pages 11 to 12 of this document and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005

Introduction

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.

Objectives

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 foregoing wording, the physical and natural environment in the People's Republic of China

The Trust publishes a bilingual Chinese/English website – chinadialogue – dealing with issues concerning conservation protection and improvement of the physical and natural environment in the People's Republic of China

Public Benefit

In setting the charity's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit

Governance, structure and management

Structure, staff and advisers

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

Governance, structure and management (continued)

Structure, staff and advisers (continued)

The Chief Executive Officer of the Trust is Isabel Hilton, assisted in the London office by Tan Copsey the Operations and Development Manager, Sam Geall the Deputy Editor and Maryann Bird, the Associate Editor. Linden Ellis was appointed in 2009 to lead the Trust's activities in the United States of America. The Trust provides funding for a Beijing office of China Dialogue which is led by Lucky Yi and Huo Weiya. This office in Beijing is a separate legal entity established in China and is not controlled or owned by the Trust.

Trustees

The following trustees were in office at 31 December 2009 and served throughout the period except where indicated

Trustees	Appointed
Dr Kerry Brown	20 May 2009
Mr Jonathan James O'Grady Cameron	14 September 2009
Dr Paul Gilmore Clifford	
Mr Charles Jeremy Mawdesley Hardie	
Ms Malini Mehra	20 May 2009
Mr David Potter	20 May 2009
Ms Laura Sandys	
Ms Shuyun Sun	20 May 2009

Statement of trustees' responsibilities

The trustees (who are also directors of China Dialogue Trust for the purposes of company law) are responsible for preparing the trustees' report and 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP),
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance, structure and management (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Risk management

The trustees review all risks applicable to the charity, especially the availability of funding in the current economic climate

Activities, specific objectives and relevant policies

Review of the period

During 2009, chinadialogue published 240 feature articles, 70 blog posts, 33 book reviews, 21 video podcasts and a large number of news briefs and news round-ups

Among these articles, a few in particular stood out

On the anniversary of the March 2008 "incident" in Tibet, Daniel Miller asked why Tibet matters now, Sahil Tripathi issued a warning for China concerning the Trafigura case, Jan McGirk and Ruth Padel gave a critical account of Chinese tiger farming and Pan Jiahua outlined a detailed vision for balancing China's economy and environment. These articles, and many others like them, provided reliable, trusted and independent information to our readers. Many articles, such as Masano Atsuko's essay on confronting the cost of dams in Japan and Judith Shapiro's paper on America's treatment of its indigenous people, provided for a Chinese readership experiences and narratives from elsewhere, that are analogous to sensitive current situations in China.

chinadialogue made significant progress on the Green Monitor project, which helps to make Chinese pollution data available to an international readership. In March 2010, we published our investigation into the multinational leather company, Richina, a repeated violator of Chinese environmental regulations. In cooperation with the Chinese web-portal Sohu and the Natural Resources Defense Council, chinadialogue organised a roundtable forum of Chinese legal and environmental experts concerning the first year of operation of China's open government information laws. We also published articles that examined China's growing conflicts over waste management and incineration.

Activities, specific objectives and relevant policies (continued)

Review of the period (continued)

chinadialogue has forged cooperative, collaborative relationships with key Chinese government departments and officials, including the Ministry for Environmental Protection and the National Development and Reform Commission chinadialogue is also regularly approached by Chinese policy-makers In 2009 Xu Dingming, chairman of the National Energy Expert Consulting Committee and vice-chair of the leading small group on energy, which is chaired by premier Wen Jiabao, sought advice from chinadialogue editor Isabel Hilton on disseminating climate-change information

In view of the global financial crisis, we judged it prudent to put plans to increase the circulation of the journal on hold We continued to publish on a bi-monthly schedule, but maintained the distribution list at 1,000

Progress

We monitor a series of key indicators that allow us to evaluate our progress

Quantitative and qualitative measures of impact derived from an annual readers' survey, number of readers, quantity and quality of articles published and translated responses, republication of articles, particularly in the Chinese media, informal measures of impact at state and local level, derived from well-placed Chinese sources, press coverage, including radio and television appearances, invitations to give lectures and briefings, academic and media references and citations of chinadialogue articles

Our readership grew steadily in 2009 We attracted over 400,000 visits to the website Just over 54% of visitors were from mainland China This online audience was complemented by a print-journal readership of more than 1,000 per issue, 10,000 subscribers who now access our content through RSS feeds and 6,000 people receiving our weekly email updates

Our core audience remains relatively young 80% of survey respondents were between the ages of 21 and 40, mostly specialists 61% said their work was related to environmental issues, and influential 96% said they were "in a position to influence others" chinadialogue itself continues to influence the way readers think about climate change and to inspire them to action 69% of survey respondents said that chinadialogue had influenced the way they think about environmental and climate-change issues and a further 69% said that the articles had encouraged them to take action

It is also worth noting that 53% of respondents accessed chinadialogue at least once a week The total number of translated comments on the site also increased from 1,007 in 2008 to 1,315 in 2009

Our volunteer translation network has now grown to more than 450 people, extending our influence and providing an invaluable resource

Activities, specific objectives and relevant policies (continued)

Future plans

Over the next three years, we plan to build on these achievements. In particular, we plan to extend the reach and impact of chinadialogue material by focussing on activities that set international and Chinese media and policy agendas. To achieve this we plan to

- ◆ increase the output of cutting-edge investigative journalism in China with an expanded team of editors, contributors and advisers,
- ◆ encouraging China Dialogue in China to recruit new staff to support editors,
- ◆ develop capacity within the organisation to deliver more original pieces of policy-relevant research,
- ◆ expand our Green Monitor project to increase publication of original pollution data,
- ◆ inaugurate, in partnership with *The Guardian* and Wuhan University, a prize for Chinese environmental journalism,
- ◆ increase the circulation of our print journal to an enlarged list of Chinese policy-makers and businesspeople,
- ◆ restructure and enhance our executive and editorial boards, to better use their diverse experience and expertise


Financial review

Financial position and reserves policy

The Trust continues to be very dependent on a small number of grants to support core funding. The total income for the period was £481,026. These grants are often of only one year's duration and require a fresh application each year. The funds at the year end were £74,287 of which £11,874 were restricted and £62,413 were unrestricted. The Trust will continue to build reserves through chargeable project work with the aim of generating reserves equal to between three and six months operating expenditure.

Approved by the trustees

Trustee

 Mr Charles Jeremy Mowdesley Hardie

Approved on

20/09/10

Independent auditor's report 31 December 2009

Independent auditor's report to the members of China Dialogue Trust

We have audited the financial statements of China Dialogue Trust for the year ended 31 December 2009 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are also the directors of the company for the purposes of company law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of trustees' responsibilities contained within the trustees' report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the trustees' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Independent auditor's report 31 December 2009

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- ◆ the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006, and
- ◆ the information given in the trustees' annual report is consistent with the financial statements.

Buzzacott LLP

Amanda Francis, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
12 New Fetter Lane
London
EC4A 1AG

27 September 2010

Statement of financial activities Year to 31 December 2009

		Restricted funds £	Unrestricted funds £	Year to 31 December 2009 Total funds £	18 January 2008 to 31 December 2008 Total funds £
	Notes				
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
Voluntary income	1	—	345,882	345,882	70,767
Interest receivable	2	—	42	42	88
Incoming resources from charitable activities	3	45,559	81,479	127,038	9,719
Other incoming resources		—	8,064	8,064	—
Total incoming resources		45,559	435,467	481,026	80,574
Resources expended					
Cost of generating funds					
Fundraising	4	—	30,462	30,462	7,977
Charitable activities					
Educational programmes	5	33,685	328,952	362,637	95,130
Governance	7	—	5,750	5,750	6,009
Total resources expended		33,685	365,164	398,849	109,116
Net incoming (outgoing) resources before transfers					
	8	11,874	70,303	82,177	(28,542)
Transfer of assets from China Dialogue Limited	10	—	—	—	20,652
Net movement in funds		11,874	70,303	82,177	(7,890)
Fund balances brought forward at 1 January 2009		—	(7,890)	(7,890)	—
Fund balances carried forward at 31 December 2009		11,874	62,413	74,287	(7,890)

The Trust has no recognised gains and losses other than those shown above. Therefore, no separate statement of total recognised gains and losses has been prepared.

All the charity's activities derived from continuing operations during the above two financial periods.

Balance sheet 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	12	2,066	955
Investment in subsidiary	13	2	2
		<u>2,068</u>	<u>957</u>
Current assets			
Debtors	14	78,033	29,137
Cash at bank and in hand		145,430	13,815
		<u>223,463</u>	<u>42,952</u>
Creditors amounts falling due within one year	15	(151,244)	(51,799)
Net current assets		<u>72,219</u>	<u>(8,847)</u>
Total net assets liabilities		<u>74,287</u>	<u>(7,890)</u>
Represented by			
Funds and reserves			
Unrestricted funds		62,413	(7,890)
Restricted funds	17	11,874	—
		<u>74,287</u>	<u>(7,890)</u>

Approved by the trustees and
signed on their behalf by

CTM Hardie Mr Charles Jeremy Mawdesley Hardie

Approved on 20/09/10

Principal accounting policies 31 December 2009

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the requirements of the Companies Act 2006 Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements

Incoming resources

Incoming resources are recognised in the period in which the Trust is entitled to receipt and the amount can be measured with reasonable certainty

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

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and excludes VAT which can be recovered

Resources expended comprise the following

- a The cost of generating funds comprises fundraising and related costs
- b 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
- c 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 note 6

- d. Governance costs comprise the costs directly attributable to the governance of the charity including audit costs and the necessary legal procedures for compliance with statutory requirements and the strategic running of the charity

Tangible assets

All assets costing more than £250 and with an expected useful life exceeding one year are capitalised, and are stated at cost less depreciation

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

- ♦ Computer equipment 3 years

Principal accounting policies 31 December 2009

Funds structure

The funds of the charity are all unrestricted and can be expended at the discretion of the trustees in line with the governing document of the Charity

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

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

Notes to the financial statements 31 December 2009

1 Voluntary income

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Grants receivable	345,538	50,667
Donations	344	20,100
	345,882	70,767

Grants receivable includes £43,588 (2009 - £nil) received from DFID (Department for International Development)

2 Interest receivable

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Interest receivable on UK bank accounts	42	88

3 Incoming resources from charitable activities

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Project income	114,103	7,500
Other fees receivable	12,935	2,219
	127,038	9,719

4 Fundraising

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Direct fundraising costs	22,627	5,094
Support costs (note 6)	7,835	2,883
	30,462	7,977

Notes to the financial statements 31 December 2009

5 Educational programmes

	Direct Costs £	Support costs (note 6) £	Total £
Chinadialogue net	309,221	53,416	362,637

6 Support costs

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 Total £
Establishment costs	22,308	3,965
Entertaining, travel and subscriptions	12,759	4,299
Office costs	5,251	1,056
Legal and professional fees	15,295	20,516
Other costs	5,638	2,314
	61,251	32,150

The support costs have been allocated to fundraising and to educational programmes on the basis of time spent by employees in these areas

7 Governance

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Audit fees	5,750	3,500
Trustees' expenses	—	2,509
	5,750	6,009

8 Net incoming (outgoing) resources before transfers

This is stated after charging

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Staff costs (note 9)	97,406	28,574
Auditors' remuneration – statutory audit services	5,750	3,500
Depreciation	610	75
Operating lease rentals	12,600	3,600

Notes to the financial statements 31 December 2009

9 Staff costs

	Year to 31 December 2009 £	18 January 2008 to 31 December 2008 £
Salaries and wages	89,087	26,102
Social security costs	8,319	2,472
	97,406	28,574

The average number of employees (excluding temporary and agency staff) analysed by function was as follows

	Year to 31 December 2009	18 January 2008 to 31 December 2008
Editorial staff	4	4
Administration staff	1	1
	5	5

No employee received remuneration exceeding £60,000 (2008 nil)

No trustee received any remuneration during the period in connection with services to the Trust (2008 nil)

None of the trustees was reimbursed expenses during the year (2008 One trustee - £2,509 for travel expenses)

10 Transfer from China Dialogue Limited

As at midnight on 30 September 2008, the following assets and liabilities, including the website chinadialogue.net were transferred from China Dialogue Limited in accordance with a Deed of Transfer dated 23 October 2008

	£
Tangible fixed assets	400
Debtors	39,618
Cash	23,298
Creditors	(42,664)
Net assets transferred from China Dialogue Limited with effect from midnight on 30 September 2008	20,652

11 Taxation

China Dialogue Trust is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities

Notes to the financial statements 31 December 2009

12 Tangible assets

	Computer equipment £
Cost	
At 1 January 2009	1,110
Additions	1,721
At 31 December 2009	2,831
Depreciation	
At 1 January 2009	155
Charge for the year	610
At 31 December 2009	765
Net book values	
At 31 December 2009	2,066
At 31 December 2008	955

13 Investments

The charitable company owns the entire called up share capital of £2 in China Dialogue (HK) Limited, a company incorporated in Hong Kong. China Dialogue (HK) Limited incurred expenditure of £668 during the year and at the year end had net liabilities of £666, including £785 owed to the China Dialogue Trust. Consolidated financial statements have not been prepared given the results of the company and its aggregate reserves and capital are, in the opinion of the Trustees, immaterial to the group.

14 Debtors

	2009 £	2008 £
Fees and project income receivable	6,428	2,450
Other debtors	24,267	1,850
Prepayments and accrued income	46,083	21,765
Amounts due from subsidiary undertaking	785	—
VAT recoverable	470	3,072
	78,033	29,137

15 Creditors: amounts falling due within one year

	2009 £	2008 £
Expense creditors	4,954	19,016
Other creditors	5,135	2,923
Accruals and deferred income	141,155	29,860
	151,244	51,799

Notes to the financial statements 31 December 2009

16 Related parties

Laura Sandys is a Director of China Dialogue Limited, the company which transferred its assets and liabilities to the Trust as at midnight on 30 September 2008

The financial statements do not include transactions between the Trust and its wholly owned subsidiary, China Dialogue (HK) Limited. This is because, as a parent entity of a wholly owned subsidiary, it is exempt from the requirement to disclose such transactions under Financial Reporting Standard 8 "Related Party Disclosures"

17 Restricted funds

	31 December 2008 £	Incoming resources £	Resources expended £	31 December 2009 £
Chinese journalist climate change programme	—	13,618	(13,618)	—
American office funds	—	31,941	(20,067)	11,874
	—	45,559	(33,685)	11,874

- ◆ Chinese journalist change programme funds were to pay for the visiting journalists to attend the climate conference in Copenhagen in 2009
- ◆ American office funds are for the running costs of the Trust's office in the United States of America

18 Operating lease commitments

At 31 December 2009 the Trust had annual commitments under non-cancellable operating leases in respect to land and buildings as follows

	2009 £	2008 £
Operating leases which expire Within one year	—	18,345

19 Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total 2009 £
Funds balances at 31 December 2009 are represented by			
Fixed assets	—	2,068	2,068
Current assets	43,815	179,648	223,463
Creditors amounts falling due within one year	(31,941)	(119,303)	(151,244)
Total	11,874	62,413	74,287