

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
FOR
CHINA DIALOGUE TRUST

Chariot House Limited
Chartered Accountants
44 Grand Parade
Brighton
East Sussex
BN2 9QA

FRIDAY



A5LHJ44G

A11

09/12/2016

#317

COMPANIES HOUSE

CHINA DIALOGUE TRUST

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

	Page
Report of the Trustees	1 to 9
Report of the Independent Auditors	10 to 11
Statement of Financial Activities	12
Balance Sheet	13
Notes to the Financial Statements	14 to 21
Detailed Statement of Financial Activities	22

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

The Trustees, who are also Directors of the Company for the purposes of the Company Law, present their annual report and audited financial statements for the year ended 31 December 2015.

INTRODUCTION

chinadialogue has a nine-year track record of disseminating high-quality information and promoting communication on environment and climate change in both Chinese and English. We provide a space for open discussion, with the aim of informing and educating people, and contributing to building equitable and constructive solutions to global environmental problems. We believe that this requires a common purpose across political, ideological and cultural boundaries. We foster that common purpose by providing our readers with independent and accurate information that may otherwise be difficult to access, and by facilitating tolerant and constructive dialogue.

chinadialogue researches, writes, commissions, edits and publishes bilingual news reports and analysis of environmental affairs. This stimulates the exchange of information and ideas both among Chinese and between Chinese and non-Chinese readers on multiple platforms. *chinadialogue*'s primary vehicle is the website, www.chinadialogue.net, a unique bilingual platform for high-quality content that includes extended reports, policy briefs, blog posts and book reviews on environmental and climate change issues that affect China and the world.

chinadialogue is trusted for the independence, reliability and even-handedness it brings to reporting on issues that may be considered contentious. This has allowed us to build a network of distinguished Chinese and international contributors to whom we offer the chance to push the boundaries of debate and policy.

In addition, we publish a bimonthly print journal which is distributed to over 2,000 Chinese policymakers, political and business leaders and made available for download on our website. Furthermore, *chinadialogue* hosts the annual China Environmental Press Awards to recognise and honour the work of China's best environmental journalists. Our awards are highly valued for their integrity and encourage and support the increasing professionalisation of Chinese environmental journalism.

chinadialogue also manages its sister projects, The Third Pole, India Climate Dialogue and Diálogo Chino.

The Third Pole supports in-depth, non-partisan and original coverage of all aspects of water in the countries of the Himalayan and the Lancang-Mekong basin, to stimulate informed debate and to promote cooperation on transboundary river management. Over the years, the pioneering online forum, www.thethirdpole.net, has established a reputation as the source of accessible, high-quality and balanced material on transboundary water in the Himalayan region.

India Climate Dialogue provides access to accurate and unbiased reporting on climate change in India. The website, www.indiaclimatedialogue.net, offers a space for open discussion. The aim of this project is to inform and educate readers on climate change with particular reference to one of Asia's biggest economies and most diverse societies, and seeks to connect the climate debate in India with the global climate discussion.

China is Latin America's biggest lender, a major investor and trading partner. Understanding the wider effects of these burgeoning partnerships is of critical importance to China and Latin America. Despite their importance, Chinese operations in Latin America remain under-reported in the Latin American, Chinese and international media. Diálogo Chino aims to address this information gap by fostering better understanding and communication between academics, civil society, journalists, government and the business community in China and Latin America on the environmental and social impacts of China's activities in Latin America. All content is published in English, Spanish and Portuguese.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects for which the Trust is established are:

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

OBJECTIVES AND ACTIVITIES

Activities, Achievements and Performance

Review of the period

i. *chinadialogue*

In 2015 *chinadialogue* published 239 articles, 104 blog posts and six long form reports on environmental issues that affect China and the world. The website content represents an even balance of contributions from China and the rest of the world.

chinadialogue increased its coverage of international climate change policy in the run up and during the Paris talks. Members of the *chinadialogue* editorial team and its sister website, India Climate Dialogue, were on-the-ground offering real-time analysis as the formation of the draft agreement unfolded. Several staff members were interviewed and cited by the press during the negotiations process, including Caijing, Caixin, ifeng.com and South China Morning Post. *chinadialogue* and India Climate Dialogue launched their reports on China's low-carbon future and India's climate policy at a COP21 press conference. *chinadialogue's* report was cited by BBC Chinese, Los Angeles Times and Yale Environment 360.

chinadialogue benefitted from climate coverage on its sister websites, offering news and analysis from fresh perspectives and access to a new pool of contributors from South Asia and Latin America. Content with relevance for the respective readerships is translated into local languages and published across the websites.

Recent developments in China's legal institutions and environmental law and successes in the enforcement of environmental regulations offered another area of focus for our reporting, with articles and blogs on the lack of experienced environmental court judges, reforms to environmental impact assessments in an effort to curb corruption and analysis of the effectiveness of EIA regulations.

On the interconnected topics of environmental health and pollution, *chinadialogue* covered the impact of China's soil and water pollution on world food prices; the threat of algal blooms in the Huai River and its effect on the South-North water transfer project; as well as, the discovery that heavy metal pollution at a Yunnan mine was responsible for lead poisoning in local children. This article was written by Gao Shengke, reporter at Caixin Magazine and winner of the 2013 'Best Investigation' category at the China Environmental Press Awards. This story was accompanied by a photo series.

Reporting on China's overseas footprint remains an important topic and *chinadialogue's* coverage has benefitted from working closely with Diálogo Chino, a sister website reporting on Chinese activities in Latin America. *chinadialogue* and Diálogo Chino worked together on a short investigative series on the Nicaragua canal, supported by Yale Environment 360 and the Pulitzer Center on Crisis Reporting. The series included a piece on the potential environmental impacts of the canal. This was the most popular article on the website in 2015. This was accompanied by a piece investigating Wang Jing, the Chinese financial backer of the canal, which was republished by Confidencial, a weekly Nicaraguan newspaper.

chinadialogue published a short series on the state of the world's oceans in the second half of the year with the support of the Global Oceans Commission, reporting on governance mechanisms, illegal fishing, the role of the WTO and a call to action in the run-up to the Paris climate talks.

Urban traffic congestion remains an intractable challenge with China facing the introduction of unpopular measures such as congestion charges and higher parking fees. However, there are positive signs of an increasing trend in car-sharing.

The potential transition from coal towards lower carbon sources is one of the big themes in focus this year as China prepares to launch the 13th Five-Year Plan and embarks on a strategy to expand energy efficient and value-added manufacturing under its 'Made in China 2025' plan. Beyond this, *chinadialogue* reported on a proposal to include a carbon emissions cap in the 13th Five-Year Plan and an analysis of the overall employment benefits of establishing a national coal cap policy. *chinadialogue* reported on the outcomes of the Communist Party plenum and its implications for the forthcoming plan.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

OBJECTIVES AND ACTIVITIES

Activities, Achievements and Performance

In addition, *chinadialogue* began to report on the successes and failures of environmental targets in the 12th Five-Year Plan. This included a review of the state of safe drinking water, progress on the targets for rural drinking water safety and a review of climate policies.

One of the most popular pieces was about the annual dog meat festival in southern China, which attracted more than 65,000 clicks on ifeng.com. This was followed by a piece on a controversial petrochemical plant in Sichuan province by Liu Yiman, winner of *chinadialogue's* 2015 'Best Investigation' award, which attracted more than 40,000 clicks on WeChat.

Partnerships and collaborations

chinadialogue continued to expand its collaborations and partnerships in 2015, while maintaining and consolidating existing relationships.

Our relationships with academic institutions continue to grow in new and exciting ways. Earlier this year, Isabel Hilton, CEO and editor of *chinadialogue*, was interviewed by Moody College of Communication, University of Texas on *chinadialogue* and environmental journalism in China for a research project. A *chinadialogue* article was cited in the materials for a course on business performance and sustainability at the Tsinghua University School of Economics and Management. *chinadialogue* has been listed as a resource for Modern Chinese History by the Chinese University of Hong Kong Library and is used as course material in a growing number of academic departments of Chinese. The build-up of this academic network is supported through a busy schedule of talks.

chinadialogue held its sixth annual China Environmental Press Awards in July at Renmin University. The event received significant coverage on the mobile news app of China's leading online news provider, NetEase, who announced the awards on their homepage, receiving over a million views. The awards were also covered by CRI Online, Weixin and on WeChat, where many individuals involved in the environmental sector shared news of the awards ceremony. The winners toured Germany for a week in September, sponsored by the German Foreign Ministry and organised by the Goethe Institute. The journalists learned about the energy transition in Germany, met with German government ministries and civil society actors, and visited business and research institutions.

We will continue to seek new partnerships and networks of influence to allow us further to amplify the impact of our content.

Impact

chinadialogue uses several methods to measure its impact, including statistical analysis of the website, an annual user survey and anecdotal evidence of our influence.

During this reporting period readership levels remained steady compared with the previous year. *chinadialogue's* top readership locations remain the US, UK, Mainland China, Hong Kong and Australia, with strong growth in Singapore, Taiwan and India. Culture pieces proved to be particularly popular, with a 22% increase in readership over the previous year.

We continue to publish selected content on our social media channels and other publishing platforms. This has proven to be reliable content dissemination strategy and the top five pieces posted on ifeng.com each attracted over 60,000 clicks. An article on China's environmental trade-off in the name of high-speed economic growth attracted more than 100,000 clicks on ifeng.com.

Over the past few months, we have made some changes to the website to improve the overall user experience. We have enhanced the search functionality allowing users to add search criteria to narrow down the results, helping users to access the most relevant content. Our website developers have also adjusted the homepage design and content to make the website appear cleaner and simpler on a smaller screen, and have made the website responsive to varying screen size to ensure that it is user-friendly on mobiles, tablets and desktop.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

OBJECTIVES AND ACTIVITIES

Activities, Achievements and Performance

chinadialogue is trialing a news digest which is distributed to our newsletter subscribers each Monday evening, highlighting selected stories featured in the Chinese media in the previous week. The news digest has attracted over 5,000 subscribers since the beginning of July.

The weekly *chinadialogue* newsletter has more than 11,000 subscribers, 36% of whom are based in China and Hong Kong.

chinadialogue has 22,916 followers on Weibo, China's equivalent platform to Twitter; 4,872 followers on WeChat, the largest messaging app in China; 6,176 followers on Twitter and 4,395 likes on Facebook.

According to the 2015 user survey, *chinadialogue* enjoys a young, educated online readership. 67% of our readers indicated that their work or study is related to the environment and 47% reported that they read *chinadialogue* for work-related reasons. 78% asserted that *chinadialogue* has influenced their thinking and behaviour. 97% of our readers would recommend *chinadialogue* to friends or colleagues. 40% of readers visit the website on a weekly basis and 9% on a daily basis.

chinadialogue's influence is enhanced by an extensive secondary footprint, through press interviews with our staff and the republishing and referencing of our content in a wide variety of other media. We greatly extend our outreach by publishing all our content under a Creative Commons license, thereby encouraging the syndication of our work. Our content continues to be widely cited and republished, both within China and internationally, by media outlets and organisations.

chinadialogue maintains an active schedule of conferences, networking and media appearances around the world. Earlier this year, Isabel chaired and participated in a panel at the Bath Literature Festival which included Jonathan Fenby, a *chinadialogue* trustee, on 'Understanding China' to a crowd of roughly 300 audience members. In London, she chaired a discussion on Asia at the European Council on Foreign Relations, as well as the opening event of the Asia House Literary Festival.

chinadialogue was well placed to respond to a number of the key issues raised during Xi Jinping's visit to the UK, particularly the Hinkley Point nuclear deal. Isabel contributed to a number of prominent news programmes, including Sky News, BBC TV, CCTV USA, and Monocle Radio.

chinadialogue is often called upon to share its unique expertise with other organisations, either in the form of consultancy, briefings or participation in discussions. Isabel gave a presentation on citizen participation at a workshop organised by the China Council for International Cooperation on Environment and Development (CCICED) in Shanghai, attended by over 100 senior local officials and international experts.

Sam Geall, executive editor, gave a talk at the British Embassy in Beijing about his academic research on innovation pathways for sustainability, and also spoke with the civil society team about the situation for NGOs. Earlier this year, he and John McGarrity, *chinadialogue's* deputy editor, met with a delegation led by Yu Wei from the EU-China Environmental Governance Programme. The group was studying opportunities for participation in local environmental governance and were eager to learn about *chinadialogue's* work. In July he participated in ChinaFile's online debate, "Are China's Limits on Greenhouse Gas Emissions Meaningful?". He also co-convened a session on China's climate and innovation policies at "Our Common Future under Climate Change", an international climate conference in Paris. He has also contributed articles to Foreign Policy and has appeared on the radio show Monocle 24 to review Asian news, including the PX plant explosion in Fujian, an environmental protest in Inner Mongolia and the debate around the new Asian Infrastructure Investment Bank.

Isabel Hilton's many media appearances and press mentions on China-related subjects included interviews with BBC Newsnight; BBC World Service TV; CCTV USA; China Central TV; ChinaFile; CNN Latino; Deutsche Welle; New China TV; New York Times; The Manila Times; South China Morning Post; The Straits Times; The Telegraph; Xinhua News Agency TV; Yahoo News; as well as radio interviews with BBC Radio 4 (programmes include 'Beyond Belief' and 'Costing the Earth'); Correspondencia en Línea; Monocle Radio and Voice of America.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

OBJECTIVES AND ACTIVITIES

Activities, Achievements and Performance

The Third Pole

The Third Pole moves from strength to strength. The website was re-launched in October with interactive maps, graphics and data. This marks a new era of investigative data journalism and visualisation for the website, enabling users to create their own maps, layering data and stories from across South Asia. It has also increased its weekly publication rate and is offering selected content in Urdu, Hindi, Bengali and Nepali. This material has proved very popular with readers and, with the assistance of our regional country coordinators in Pakistan, Bangladesh and Nepal, has ensured that The Third Pole content reaches the vernacular press in these countries. The Third Pole has set up syndication agreements with the Dhaka Courier in Bangladesh and DAWN newspaper in Pakistan. Earlier this year, Beth Walker, The Third Pole's UK editor, had the opportunity to introduce the website to senior leaders in the Bhutan government while on a reporting assignment. The Third Pole's data website, data.thethirdpole.net, was recently mentioned in a White House briefing.

The Third Pole organised a regional workshop on access to water and climate data in South Asia was held in Nepal, to bring together journalists from Nepal, Pakistan, Bangladesh and India, who had been on assignment in the Koshi basin. This project was carried out in partnership with Skoll Global Threats and the Asia Foundation. In June, The Third Pole hosted a workshop in Jordan, at which Pakistani and Indian experts learned about cross-border cooperation between Jordan, Palestine and Israel over the management of the Jordan River basin. This project was carried out in partnership with EcoPeace Middle East and supported by the Network for Social Change.

India Climate Dialogue

India Climate Dialogue continues to see a steady increase in its readership and has been successful in getting its content cited in other media and by other relevant organisations. The Council on Energy, Environment and Water, one of India's most notable think tanks, regularly retweets India Climate Dialogue material and Live India, India's national news channel, has republished ICD material and translated it into Hindi for its readership. Juhi Chaudhary, India Climate Dialogue's special correspondent, was interviewed by BBC Radio. Newsletter subscriptions have tripled since the beginning of the year.

Diálogo Chino

Diálogo Chino has made inroads into the Spanish, Latin American and international media, with press mentions and republications by ChinaFile, Confidencial (Nicaragua), El País, The Guardian, OpenDemocracy and Runrunes (Venezuela). The Global Economic Governance Initiative (GEGI) of Boston University include links to Diálogo Chino articles in its China-Latin America Economic Bulletin, ensuring that this content reaches an engaged and interested readership.

In March, we hosted the London launch of the Diálogo Chino website with an event at Canning House, titled 'China and Latin America: economic opportunities, social and environmental challenges'. The event featured a panel of speakers: Rhys Jenkins, professor at the School of International Development at the University of East Anglia; Liu Jianqiang, chinadialogue's Beijing editor; Gabriela Moya, policy analyst at E3G; and Cristina Veiga, editor of Diálogo Chino. The panel was chaired by Isabel Hilton.

Public benefit

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

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

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

FINANCIAL REVIEW

Financial position

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

In 2015 we ran a surplus of £74,685 on total expenditure of £854,681 with an end of year closing balance of £335,057. In 2011 we ran a deficit of £99,171 on total expenditure of £516,750 with end of year reserves of £88,206. In 2012 we ran a deficit of £73,936 on total expenditure of £458,117 with end of year closing balance of £14,090. In 2013 we had a surplus of £36,759 on total expenditure of £603,803 with an end of year closing balance of £50,849. The 2014 audit showed a surplus of £209,523 on total expenditure of £661,790 with an end of year closing balance of £260,372.

We continue to monitor the situation carefully.

Financial Review

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

The trustees have in the year reviewed the needs, risks and opportunities faced by the charity, along with relevant financial forecasts and analyses. On the basis of this review the trustees recognised the need to hold a general reserve and the size of this reserve should be related to the level of ongoing financial commitments. The trustees decided that as a guide the organisation should keep its general reserves at a level of about three months of expenditure. Therefore the guide level of reserves at the end of December 2015 should be about £58,777. At the year end, the general reserves of the charity stood at £133,108 (2014: £50,951). Therefore the current level of general reserves is considered sufficient. The trustees will continue to review the reserves policy and levels annually.

FUTURE PLANS

In 2016, the China Dialogue Trust will continue to build on the work of the last nine years by further consolidating its reputation, extending its networks and building new partnerships. In particular, we aim to:

- publish approximately 300 feature-length articles, blogs and book reviews on chinadialogue, with an even balance of contributors from China and the rest of the world;
- publish a bi-monthly print journal aimed at Chinese policymakers, academics, journalists, as well as political, business and civil society leaders;
- publish a range of longer-form reports and policy briefs and contribute to third party platforms;
- extend the reach and influence of our prize for Chinese environmental journalism, driving up standards of environmental journalism in China and extending our reach and influence in Chinese print media;
- expand our links with civil society groups in China;
- form new relationships and partnerships;
- continue to meet a heavy schedule of lectures, talks, briefings and media appearances;
- expand the scale of activities of the other project websites.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governance, Structure and Management

Structure, staff and advisers

i. Structure

chinadialogue is a project administered by the China Dialogue Trust. In addition, the Trust manages *chinadialogue's* sister websites - The Third Pole, India Climate Dialogue and Diálogo Chino.

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

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

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

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

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

China Dialogue Services took over the ownership of Dao Le Ge Environmental Consulting (Beijing) Co. Ltd at the end of December 2015.

ii. Governance

The Trust receives generous support from its executive, technical and editorial advisory boards. The executive board meets twice yearly to evaluate the governance of the charity and advise on its long-term strategy. The treasurer meets with the finance director and chief operating officer on a regular basis to review the accounts and assist with the financial management of the charity. The members of the executive board assist with fundraising and partnership building, while the technical advisory board offers expertise on the resilience of our online security and infrastructure, as well as making sure the website remains on the cutting edge of key digital trends. The editorial advisory board is available for consultation on editorial themes.

iii. Management

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

New Trustees are recommended to the board by existing members or by the chief executive officer based on their experience and expertise of the charity's work.

The chief executive officer of the trust is Isabel Hilton, assisted in the London office by Jessica Jacoby, the chief operating officer and Laura Woodbury, the office assistant. The *chinadialogue* website is managed by editorial teams in London and Beijing. In London, the website is supported by John McGarrity, the deputy editor and Charlotte Middlehurst, the managing editor. In Beijing, the website is supported by Ma Tianjie, operational manager and managing editor, and Li Ying, deputy editor, as well as several junior editors.

The Third Pole website is managed by Joydeep Gupta, project director, in Delhi and Beth Walker, UK editor, in the London office. The website is also supported by a small editorial team in Delhi, as well as country coordinators in Bangladesh, Nepal and Pakistan. The Delhi office was closed in December 2015.

The India Climate Dialogue website is managed by Joydeep Gupta, project director, and Juhi Chaudhary, special correspondent in Delhi.

The Diálogo Chino website is managed by Cristina Veiga, editor, in São Paulo and Robert Soutar, managing editor, in London.

All of the websites are supported by Lushan Huang, the Production Manager. Sam Geall, the Executive Editor, offers strategic advice to the charity.

Risk management

The Trustees review all risks applicable to the Charity, especially the availability of funding in the current economic climate.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06477262 (England and Wales)

Registered Charity number

1125378

Registered office

Suite 306

Grayston Centre

28 Charles Square

London

NI 6HT

Trustees

T M Copsey

J T S Fenby

Ms L K Genasci

- appointed 26/2/2015

P J R Luff

Mrs M Mehra

Ms E A Wright

Dr P G Clifford

J J O Cameron

- resigned 22/7/2015

C J M Hardie

- resigned 31/12/2015

Ms L Sandys

- resigned 11/11/2015

Mrs J-M Gescher

- appointed 9/2/2016

Prof K Brown

- appointed 9/2/2016

S C Tinton

- appointed 11/5/2016

D T Burke

- appointed 1/3/2016

Company Secretary

Miss J C Jacoby

Senior Statutory Auditor

J Thacker FCA DChA

Independent auditors

Chariot House Limited

Chartered Accountants and Statutory Auditor

44 Grand Parade

Brighton

East Sussex

BN2 9QA

Contact Details

Chief Executive Officer

Isabel Hilton

Telephone number

020 7324 4767

Website

www.chinadialogue.net

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2015**

Advisers

Bankers

HSBC Bank PLC
74 Goswell Road
Clerkenwell
London
EC1V 7DA

CafCash Ltd
Kings Hill
West Malling
Kent
ME19 4TA

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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

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

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

In so far as the trustees are aware:

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

AUDITORS

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

Approved by order of the board of trustees on 30 June 2016 and signed on its behalf by:

 S C Tinton MA FCA

S C Tinton - Trustee

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

We have audited the financial statements of China Dialogue Trust for the year ended 31st December 2015 on pages twelve to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

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 Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31st December 2015 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 applicable to Smaller Entities; 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



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

Date: 8 July 2016

CHINA DIALOGUE TRUST**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2015**

		Unrestricted fund £	Restricted funds £	Total 2015 funds £	Total 2014 funds £
	Not es				
INCOME AND ENDOWMENTS FROM					
Charitable activities	2				
Environment and Climate Change		<u>317,265</u>	<u>644,860</u>	<u>962,125</u>	<u>871,313</u>
Total		<u>317,265</u>	<u>644,860</u>	<u>962,125</u>	<u>871,313</u>
EXPENDITURE ON					
Raising funds	3	-	-	-	10
Charitable activities	4				
Environment and Climate Change		<u>235,108</u>	<u>619,573</u>	<u>854,681</u>	<u>661,780</u>
Total		<u>235,108</u>	<u>619,573</u>	<u>854,681</u>	<u>661,790</u>
NET INCOME		<u>82,157</u>	<u>25,287</u>	<u>107,444</u>	<u>209,523</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>50,951</u>	<u>209,421</u>	<u>260,372</u>	<u>50,849</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>133,108</u></u>	<u><u>234,708</u></u>	<u><u>367,816</u></u>	<u><u>260,372</u></u>

The notes form part of these financial statements

CHINA DIALOGUE TRUST**BALANCE SHEET****AT 31ST DECEMBER 2015****COMPANY NUMBER: 06477262**

		Unrestricted fund	Restricted funds	Total	2015 funds	Total	2014 funds
	Notes	£	£	£	£	£	£
FIXED ASSETS							
Tangible assets	10	2,061	-	2,061		3,512	
Investments	11	<u>100</u>	<u>-</u>	<u>100</u>		<u>100</u>	
		2,161	-	2,161		3,612	
CURRENT ASSETS							
Debtors	12	57,084	-	57,084		16,206	
Cash at bank		<u>133,065</u>	<u>234,708</u>	<u>367,773</u>		<u>260,919</u>	
		190,149	234,708	424,857		277,125	
CREDITORS							
Amounts falling due within one year	13	<u>(59,202)</u>	<u>-</u>	<u>(59,202)</u>		<u>(20,365)</u>	
NET CURRENT ASSETS							
		<u>130,947</u>	<u>234,708</u>	<u>365,655</u>		<u>256,760</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES							
		<u>133,108</u>	<u>234,708</u>	<u>367,816</u>		<u>260,372</u>	
NET ASSETS							
		<u>133,108</u>	<u>234,708</u>	<u>367,816</u>		<u>260,372</u>	
FUNDS							
Unrestricted funds	14			133,108		50,951	
Restricted funds				<u>234,708</u>		<u>209,421</u>	
TOTAL FUNDS							
				<u>367,816</u>		<u>260,372</u>	

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Trustees on 30 June 2016 and were signed on its behalf by:

SCB Tinton MA FCA

S C Tinton -Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Income

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

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

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

Expenditure

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

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities and support costs

Costs of charitable activities are incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Tangible fixed 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.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES - continued

Fund accounting

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

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

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

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leases

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

Foreign currencies

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

2. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2015 £	2014 £
Project Income - Other Fees			
Receivable	Environment and Climate Change	53,508	43,414
Grants and Donations	Environment and Climate Change	<u>908,617</u>	<u>827,899</u>
		<u>962,125</u>	<u>871,313</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015****2. INCOME FROM CHARITABLE ACTIVITIES - continued**

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

	2015 £	2014 £
European Climate Foundation	34,951	-
Energy Foundation	-	19,813
Open Society Foundations	71,689	208,302
Foundacion Avina	-	29,668
Sigrid Rausing Trust	100,000	100,000
Stiftung Mercator	35,275	40,096
Rockefeller Brothers Foundation	61,444	57,783
Henry Luce Foundation	33,723	29,161
Simon Fraser University	-	4,363
Steinbeis	-	15,523
Climateworks Foundation	202,326	47,029
Department for International Development	170,201	194,381
Other Grant	35,305	29,579
Pulitzer Centre	-	7,712
NOREF	-	4,933
Scott Trust	-	6,000
Yale Environment	-	286
ANU	-	729
MacArthur Foundation	40,674	22,416
International Waste Management	-	1,629
Marmot Trust	4,000	1,500
ADM Capital Foundation	22,206	6,996
Subsidiary - China Dialogue Services Limited	9,179	-
Peter Luff	500	-
Network for Social Change	15,107	-
Chadwyck Healey	10,000	-
K R Foundation	29,278	-
Other grants	32,759	-
	<u>908,617</u>	<u>827,899</u>

3. RAISING FUNDS

Raising donations and legacies

	2015 £	2014 £
Fundraising	-	10

4. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 5) £	Totals £
Environment and Climate Change	<u>748,294</u>	<u>106,387</u>	<u>854,681</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015****5. SUPPORT COSTS**

	Management £
Environment and Climate Change	<u>106,387</u>

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

Management

	2015 Enviroment and Climate Change £	2014 Total activities £
Establishment	25,211	18,785
Office	23,352	11,561
Legal and Professional	1,632	826
Accountancy	20,646	15,250
Other	6,479	8,663
Website	22,593	21,739
Audit	4,300	3,200
Depreciation of tangible and heritage assets	<u>2,174</u>	<u>2,178</u>
	<u>106,387</u>	<u>82,202</u>

6. NET INCOME/(EXPENDITURE)

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

	2015 £	2014 £
Depreciation - owned assets	2,174	2,178
Auditors' remuneration	2,150	2,130
Auditors' remuneration - non audit	<u>2,150</u>	<u>1,070</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2015 nor for the year ended 31st December 2014.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st December 2015 nor for the year ended 31st December 2014.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015****8. STAFF COSTS**

Staff Costs during the year were as follows:

Salaries and wages £269,336 (2014 £248,651).

Social security costs £28,330 (2014 £25,338).

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

Editorial staff 8 (2014 8).

Administration staff 1 (2014 1).

One employee received remuneration in the band £60,000 - 70,000 (2014: one).

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Environment and Climate Change	<u>409,499</u>	<u>461,814</u>	<u>871,313</u>
Total	409,499	461,814	871,313
 EXPENDITURE ON			
Raising funds	10	-	10
Charitable activities			
Environment and Climate Change	<u>361,188</u>	<u>300,592</u>	<u>661,780</u>
Total	361,198	300,592	661,790
 NET INCOME	48,301	161,222	209,523
 Transfers between funds	<u>(29,757)</u>	<u>29,757</u>	<u>-</u>
 Net movement in funds	18,544	190,979	209,523
 RECONCILIATION OF FUNDS			
Total funds brought forward	<u>32,407</u>	<u>18,442</u>	<u>50,849</u>
 TOTAL FUNDS CARRIED FORWARD	<u>50,951</u>	<u>209,421</u>	<u>260,372</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015****10. TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST	
At 1st January 2015	7,289
Additions	<u>723</u>
At 31st December 2015	<u>8,012</u>
DEPRECIATION	
At 1st January 2015	3,777
Charge for year	<u>2,174</u>
At 31st December 2015	<u>5,951</u>
NET BOOK VALUE	
At 31st December 2015	<u>2,061</u>
At 31st December 2014	<u>3,512</u>

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1st January 2015 and 31st December 2015	<u>100</u>
NET BOOK VALUE	
At 31st December 2015	<u>100</u>
At 31st December 2014	<u>100</u>

There were no investment assets outside the UK.

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

China Dialogue Services Limited

Nature of business: translation and interpretation

Class of share:	%
Ordinary	holding 100

	2015	2014
	£	£
Aggregate capital and reserves	<u>100</u>	<u>100</u>

CHINA DIALOGUE TRUST**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015****12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015	2014
	£	£
Amounts owed by group undertakings	9,179	-
Other debtors	<u>47,905</u>	<u>16,206</u>
	<u>57,084</u>	<u>16,206</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Expense creditors	13,693	8,625
Taxation and social security	8,786	8,740
Accruals and deferred income	<u>36,723</u>	<u>3,000</u>
	<u>59,202</u>	<u>20,365</u>

14. MOVEMENT IN FUNDS

	At 1/1/15	Net movement in funds	At 31/12/15
	£	£	£
Unrestricted funds			
General fund	50,951	82,157	133,108
Restricted funds			
Other	25,179	136,848	162,027
Third Pole	101,711	(101,711)	-
Dialogo Chino	45,782	(31,841)	13,941
India Climate Dialogue	<u>36,749</u>	<u>21,991</u>	<u>58,740</u>
	209,421	25,287	234,708
TOTAL FUNDS	<u>260,372</u>	<u>107,444</u>	<u>367,816</u>

CHINA DIALOGUE TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2015

14. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	317,265	(235,108)	82,157
Restricted funds			
Other	316,114	(179,266)	136,848
Third Pole	218,067	(319,778)	(101,711)
Dialogo Chino	46,345	(78,186)	(31,841)
India Climate Dialogue	<u>64,334</u>	<u>(42,343)</u>	<u>21,991</u>
	644,860	(619,573)	25,287
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>962,125</u>	<u>(854,681)</u>	<u>107,444</u>

15. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st December 2015.