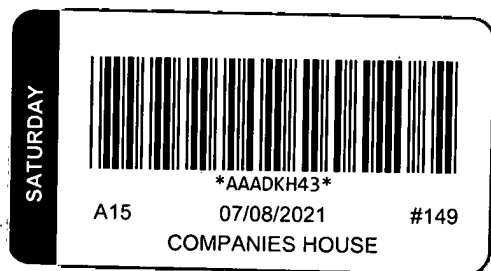


REGISTERED COMPANY NUMBER: 06477262 (England and Wales)
REGISTERED CHARITY NUMBER: 1125378

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020
FOR
CHINA DIALOGUE TRUST
(A COMPANY LIMITED BY GUARANTEE)



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

CHINA DIALOGUE TRUST

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FOR THE YEAR ENDED 31ST DECEMBER 2020

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CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2020

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 2020.

INTRODUCTION

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

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

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

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

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

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

The Third Pole, run by China Dialogue Trust's teams based in London and South Asia, supports in-depth, non-partisan and original coverage of all aspects of water in the countries of the Himalayan and the Lancang-Mekong basin, to stimulate informed debate and to promote cooperation on transboundary river management. Over the years, 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.

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

India Climate Dialogue, run by China Dialogue Trust's Delhi team, provides access to accurate and unbiased information on climate change in India. 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 now among the world's biggest ocean powers: how China will care for the marine environment will be critical in determining the fate of the ocean. China Dialogue Ocean is dedicated to reporting on, analysing, illuminating and helping to resolve the ocean crisis before it is too late.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2020

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects for which the Trust is established are:

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

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2020**

OBJECTIVES AND ACTIVITIES

Activities, Achievements and Performance

Review of the period

In 2020, the spread of Covid-19 pandemic and its resulting impact led to a global crisis of unprecedented reach and proportion. Cities experienced lockdown, travel bans have been frequently applied and in person activities have been limited. Despite the impact of the public health crisis, we continue to make a meaningful contribution to create higher public awareness about the environmental challenges faced by the world and facilitate conversations about solutions to our environmental problems and China's unique role in it. Through a range of online activities including workshops, seminars and information distribution, China Dialogue has been minimising the pandemic effects and carrying on its valuable work at this challenging time.

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

Relaunched our flagship website, chinadialogue.net with an enhanced design that is better able to serve the high quality multimedia content and other outputs on the site. We have enhanced performance and user experience, as well as the visual design.

Co-hosted the Marine Biodiversity Conservation and Sustainable Fishery Webinar in Beijing on July 4th, with China Association for NGO Cooperation (CANGO). The event included high-profile guest speakers from the Ministry of Ecology and Environment (MEE), Ministry of Natural Resources (MNR), research institutes and NGOs attended the webinar. The webinar presented the latest analysis and research about the marine protection targets that could be achieved through the Convention on Biological Diversity (CBD). Participants also shared information on sustainable fishery and marine protection.

Co-hosted the 2019 Best Climate Communications Cases online Workshop in Beijing on July 24th with China Association for NGO Cooperation (CANGO). Through the sharing of excellent climate communication cases, the workshop discussed the challenges facing climate reporting and how climate reporting can reach a broader audience. This event was attended by the Director of the Environmental Communications and Education Center of MEE who also gave a speech on climate communications.

China Dialogue's London team actively facilitated and participated in conversations about China's increasingly important global role in environmental governance. China Dialogue Trust's London team also hosted a London Climate Action Week panel on China building back greener after the Covid crisis and a webinar by China Dialogue Ocean, which looked at reporting on China's fisheries.

This year, China announced its ambition to achieve carbon neutrality by 2060. The announcement sparked a huge response and gave rise to speculation as to how this would be achieved. China Dialogue Trust's senior team members continue to play the role of interpreter and bridge builder on Chinese environmental policy and China's climate actions, shaping global understanding of the country's important role.

Among her regular attendance at events, Isabel Hilton, China Dialogue's CEO gave two lectures, one on China's Environmental Policy at University College London, and another at Oxford University's China Centre.

China Dialogue's executive director, Sam Geall also represented the organisation throughout the year at a number of events and talks, including at the European Parliament regular meeting of China delegation regarding the Convention on Biodiversity COP15. Sam chaired China Dialogue's webinar "The Road to Kunming: High-Level Workshop on Biodiversity, Climate and Governance", and the China Dialogue London Climate Action Week panel discussion "All change? US-China climate politics after the US election" on November 18th.

China Dialogue Trust's Beijing Director Ma Tianjie regularly spoke at events organised by think tanks, academic institutions and NGOs about China's environmental developments.

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2020**

OBJECTIVES AND ACTIVITIES

Partnership and collaboration

China Dialogue Trust's Beijing project team continues to work closely with China Association for NGO Cooperation (CANGO) under the framework of China's Foreign NGO Law. In collaboration with CANGO, China Dialogue Trust implemented the Communications Capacity Building on Climate Change and Biodiversity Conservation Project.

Existing partnerships were maintained and developed with networks and organisations internationally. The China Dialogue London team hosted a number of events for London Climate Action Week, and the team developed a strong relationship with the Roundtable on Sustainable Palm Oil (RSPO). The China Dialogue Trust Beijing team established a new partnership with All-China Environment Federation (ACEF), a national environmental NGO supervised by the Ministry of Ecology and Environment (MEE).

The Third Pole

The Third Pole continues to expand its influence and operations across South Asia; the project celebrated its 10th anniversary, remembering its launch in 2010 and looks ahead to the coming decade. Themes for this year included melting glaciers, energy, transboundary river cooperation, pollution, impacts of climate change, the future of energy, with a special focus on the Ganges River and the Mekong River.

Diálogo Chino

Diálogo Chino reached a still growing audience in Latin America in 2020. Its series of articles on the main obstacles to greater supply chain sustainability, raising awareness of under-reported risks, and exploring alternative pathways included reviewing the ecological impact of the soy supply chain in Brazil and infrastructure investments that support the soybean trade as well as ways to reduce dependence on carbon-intensive agricultural products.

India Climate Dialogue

India Climate Dialogue continues to serve as an important platform through which the international community learn about climate developments in India.

Public benefit

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

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

FINANCIAL REVIEW

Financial position

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

In 2020, the charity ran a surplus of £894,971 on total expenditure of £2,050,491. At 31 December 2020, the charity held funds totalling £1,523,043 (2019: £628,073).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2020

FINANCIAL REVIEW

Remuneration statement

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

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

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

Reserves Policy

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

The trustees have in the year reviewed the needs, risks and opportunities faced by the charity, along with relevant financial forecasts and analyses. On the basis of this review the trustees recognised the need to hold a general reserve and the size of this reserve should be related to the level of ongoing financial commitments. The trustees decided that as a guide the organisation should keep its general reserves at a level equalling approximately three months of core expenditure. Core expenditure is calculated to include staff costs and committed overheads. The guide level of reserves at the end of December 2020 should be approximately £250,024. At the year end, the general reserves of the charity stood at £245,112 (2019: £52,029).

Covid-19 Statement

To date, China Dialogue Trust has been able to continue operating in light of the Covid-19 pandemic. In the short term, our financial outlook has not been affected, however, we are aware that funding and investments may be negatively impacted by the global downturn and that this could affect our long-term financial resilience. At this stage we are not able to quantify what that impact will be, but the situation is being continually monitored. On the whole, funders have been flexible and understanding of the impact of the pandemic on certain projects, with far less funding being spent on travel and events than was budgeted for. We have revised project plans and communicated closely with funders to ensure that any budgets affected in this way have been utilised appropriately and according to the confines of any grant agreements.

Operationally, China Dialogue Trust had to make several adjustments in order to maintain operations, which included closing offices and requiring staff to work remotely. It was anticipated that this would be a short-term measure, but the London team continued working remotely for the remainder of 2020. Staff are currently being consulted on hybrid working arrangements and plans are being made for a phased and safe return to the London office. We also stopped all non-essential travel and asked all employees to follow hygiene and government recommendations.

Colleagues globally have been affected at different points throughout this pandemic, as we have seen waves of infections rise and fall and as the emergence of variants and rollout of vaccines have impacted the response of world leaders. China Dialogue Trust is committed to ensuring the safety of its staff and the individuals we work with across the globe, and will endeavour to support them as they work within the constraints of the pandemic.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2020

FUTURE PLANS

In 2021, the China Dialogue Trust will continue to build on the work of the last 14 years by further consolidating its reputation, extending its networks and building new partnerships. In particular, we aim to:

- continue to create high-quality content of in-depth analysis, policy briefs, research projects and blog posts;
- publish a range of longer-form reports and policy briefs and contribute to third party platforms;
- expand our links with climate change and environment-related organisations in China;
- form new relationships and partnerships;
- continue to promote cooperation and communication through workshops, roundtable discussions and seminars on climate change and other environmental affairs;
- we will relaunch thethirdpole.net, and chinadialogueocean.net with updated design and functionality in line with chinadialogue.net. We will aim to raise funding to enable us to similarly relaunch dialogochino.net;
- we will consolidate the India Climate Dialogue website into enhanced climate coverage on thethirdpole.net, this will allow us to focus our staff and strategy on a single website and increase the overall value of our coverage in South Asia.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

i. Structure

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

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

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

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

The Trust set up a trading subsidiary, 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. In 2020, Dao Le Ge Environmental Consulting was dissolved pertaining to regulation requirements in the People's Republic of China, as China Dialogue Trust seeks to register as a Foreign NGO representative office in China. The China Dialogue team in Beijing has since been operating as a project team under Temporary Activity Permits issued under China's Foreign NGO Management Law.

ii. Governance

The Trust receives generous support from its executive board. The executive board meets three times a year to evaluate the governance of the charity and advise on its long-term strategy. The treasurer meets with the chief operating officer annually to review the projected budgets for the year ahead. The members of the executive board assist with fundraising and partnership building.

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 Tallulah Staple, the Chief Operating Officer, and Niamh O'Connor, the Office Assistant. Sam Geall adopted the role of Executive Director in late 2019, and worked on an executive transition plan with then-CEO Isabel Hilton. In early 2021, she stepped down from her role as CEO and Sam became acting CEO. The China Dialogue website is managed by the London and Beijing team. In London, the website is supported by the digital team. In Beijing, the website is supported by Ma Tianjie, the Beijing Director and Lin Zi, Beijing Operations Manager.

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

The India Climate Dialogue website is managed by Joydeep Gupta, project director, in Delhi.

The Diálogo Chino website is managed by Robert Soutar, project director, in London.

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

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2020**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06477262 (England and Wales)

Registered Charity number

1125378

Registered office

15 Printing House Yard
Perseverance Works
London
E2 7PR

Trustees

T M Copsey
J T S Fenby (resigned 19/3/2020)
P J R Luff (resigned 1/9/2020)
Mrs M Mehra
Ms E A Wright
Mrs J-M Gescher (resigned 19/3/2020)
Prof K Brown
S C Tinton
D T Burke
Ms S Hitch
C Parton (resigned 1/9/2020)
D L Horn-Phathanothai

Company Secretary

Ms T Staple

Senior Statutory Auditor

J Thacker FCA DChA

Auditors

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

Contact Details

Chief Executive Officer

Isabel Hilton

Telephone number

020 7683 2985

Website

www.chinadialogue.net

CHINA DIALOGUE TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2020**

REFERENCE AND ADMINISTRATIVE DETAILS

Advisers

Bankers

HSBC Bank PLC
74 Goswell Road
Clerkenwell
London
EC1V 7DA

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

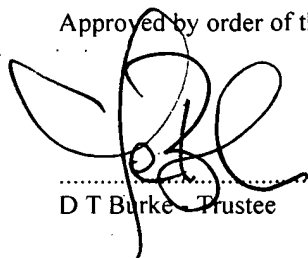
In so far as the trustees are aware:

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

AUDITORS

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

Approved by order of the board of trustees on 27/7/21 and signed on its behalf by:



.....
D T Burke - Trustee

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

Opinion

We have audited the financial statements of China Dialogue Trust (the 'charitable company') for the year ended 31st December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

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

We identified that the following areas were of high risk:

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

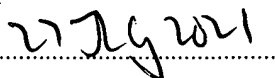
Use of our report

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



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

Date:



CHINA DIALOGUE TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	3				
Environment and Climate Change		978,846	1,966,615	2,945,461	1,578,087
Investment income	2	-	-	-	2
Total		978,846	1,966,615	2,945,461	1,578,089
EXPENDITURE ON					
Charitable activities	4				
Environment and Climate Change		355,222	1,695,269	2,050,491	1,716,785
NET INCOME/(EXPENDITURE)		623,624	271,346	894,970	(138,696)
RECONCILIATION OF FUNDS					
Total funds brought forward		52,029	576,044	628,073	766,769
TOTAL FUNDS CARRIED FORWARD		<u>675,653</u>	<u>847,390</u>	<u>1,523,043</u>	<u>628,073</u>

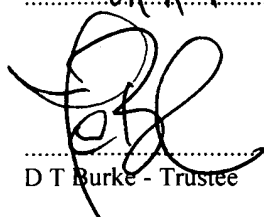
The notes form part of these financial statements

BALANCE SHEET
31ST DECEMBER 2020

	Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	10	345	-	345	680
Investments	11	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
		445	-	445	780
CURRENT ASSETS					
Debtors	12	459,795	-	459,795	208,610
Cash at bank		<u>317,233</u>	<u>847,389</u>	<u>1,164,622</u>	<u>622,847</u>
		777,028	847,389	1,624,417	831,457
CREDITORS					
Amounts falling due within one year	13	(101,819)	-	(101,819)	(204,164)
NET CURRENT ASSETS		<u>675,209</u>	<u>847,389</u>	<u>1,522,598</u>	<u>627,293</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>675,654</u>	<u>847,389</u>	<u>1,523,043</u>	<u>628,073</u>
NET ASSETS		<u>675,654</u>	<u>847,389</u>	<u>1,523,043</u>	<u>628,073</u>
FUNDS	14				
Unrestricted funds:					
General fund				245,112	52,029
Beijing office costs 2021				430,197	-
Fixed Asset designated fund				<u>345</u>	<u>-</u>
				675,654	52,029
Restricted funds				<u>847,389</u>	<u>576,044</u>
TOTAL FUNDS				<u>1,523,043</u>	<u>628,073</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 27/12/2020 and were signed on its behalf by:


D T Burke - Trustee

The notes form part of these financial statements

CHINA DIALOGUE TRUST**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	<u>541,775</u>	<u>(233,336)</u>
Net cash provided by/(used in) operating activities		<u>541,775</u>	<u>(233,336)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(1,022)
Interest received		-	2
Net cash provided by/(used in) investing activities		-	(1,020)
Change in cash and cash equivalents in the reporting period		<u>541,775</u>	<u>(234,356)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>622,847</u>	<u>857,203</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,164,622</u></u>	<u><u>622,847</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020****1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	894,970	(138,696)
Adjustments for:		
Depreciation charges	335	341
Interest received	-	(1)
Increase in debtors	(251,185)	(199,509)
(Decrease)/increase in creditors	(102,345)	104,529
Net cash provided by/(used in) operations	541,775	(233,336)

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/20 £	Cash flow £	At 31/12/20 £
Net cash			
Cash at bank	<u>622,847</u>	<u>541,775</u>	<u>1,164,622</u>
	<u>622,847</u>	<u>541,775</u>	<u>1,164,622</u>
Total	<u>622,847</u>	<u>541,775</u>	<u>1,164,622</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, including taking into account any potential impact of the Covid-19 pandemic, and on that basis the charity is considered to be a going concern.

Preparation of consolidated financial statements

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

Income

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

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

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

Expenditure

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

Charitable activities and support costs

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

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

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

Tangible fixed assets

Recognition and measurement

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

All assets costing more than £250 and with an expected useful life exceeding one year are capitalised, except where funded by Restricted grants and then they are written off in the year of purchase, and are stated at cost less depreciation.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation

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

Computer equipment - 3 years.

Taxation

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

Fund accounting

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

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

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

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

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. INVESTMENT INCOME

	2020	2019
	£	£
Deposit account interest	-	2

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

3. INCOME FROM CHARITABLE ACTIVITIES

		2020 £	2019 £
Project Income - Other Fees			
Receivable	Environment and Climate Change	7,979	10,169
Grants and Donations	Environment and Climate Change	<u>2,937,482</u>	<u>1,567,918</u>
		<u>2,945,461</u>	<u>1,578,087</u>

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

	2020 £	2019 £
European Climate Foundation	144,804	22,784
Rockefeller Brothers Foundation	267,676	152,351
Henry Luce Foundation	52,974	52,996
Climateworks Foundation	304,881	285,630
Department for International Development	302,840	15,047
Marmot Trust	-	2,000
Network for Social Change	14,200	-
Oak Foundation	128,333	-
Waterloo Foundation	40,000	-
Packard Foundation	400,654	356,490
Asia Foundation	-	29,686
Moore Foundation	254,859	274,432
Hewlett Foundation	358,175	266,772
WWF	33,578	34,816
Oxfam	-	16,850
EU Asia Centre	7,039	-
Climate and Land Use Alliance	33,400	-
Carnegie Council for Ethics in International Affairs	19,650	-
Raoul Wallenberg Institute	15,719	7,346
Ford Foundation	66,831	-
Growald Family Fund	77,286	-
The Pew Charitable Trust	5,435	-
Swiss Philanthropy Foundation	35,890	-
Woodrow Wilson Center	18,401	-
Quadrature	285,734	-
Other Grants	<u>69,123</u>	<u>50,718</u>
	<u>2,937,482</u>	<u>1,567,918</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 5) £	Totals £
Environment and Climate Change	<u>1,755,198</u>	<u>295,293</u>	<u>2,050,491</u>

5. SUPPORT COSTS

	Management £
Environment and Climate Change	<u>295,293</u>

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

Management

	2020	2019
	Total activities £	Total activities £
Establishment	55,415	52,018
Office	61,538	51,504
Legal and Professional	8,314	4,017
Accountancy	32,770	29,072
Other	13,676	8,849
Website	118,685	63,975
Audit	4,560	4,500
Depreciation of tangible and heritage assets	<u>335</u>	<u>335</u>
	<u>295,293</u>	<u>214,270</u>

6. NET INCOME/(EXPENDITURE)

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

	2020	2019
	£	£
Depreciation - owned assets	335	341
Auditors' remuneration	2,460	2,400
Auditors' remuneration - non audit services	<u>2,820</u>	<u>2,100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2020 nor for the year ended 31st December 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st December 2020 nor for the year ended 31st December 2019.

8. STAFF COSTS

Staff Costs during the year were as follows :

	2020 £	2019 £
Salaries and Wages	546,221	403,221
Social security costs	50,884	38,756
Pension costs	<u>35,399</u>	<u>30,132</u>
	<u>632,504</u>	<u>472,109</u>

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

	2020 Number	2019 Number
Editorial staff	17	12
Administration staff	<u>1</u>	<u>1</u>
	<u>18</u>	<u>13</u>

Two employees received remuneration in the band £60,000 - £70,000 (2019: one in band £70,000 to £80,000).

Key Management remuneration totalled £210,466 (2019:£165,235).

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Environment and Climate Change	376,729	1,201,358	1,578,087
Investment income	<u>2</u>	<u>-</u>	<u>2</u>
Total	376,731	1,201,358	1,578,089
EXPENDITURE ON			
Charitable activities			
Environment and Climate Change	<u>357,006</u>	<u>1,359,779</u>	<u>1,716,785</u>
NET INCOME/(EXPENDITURE)	19,725	(158,421)	(138,696)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
RECONCILIATION OF FUNDS			
Total funds brought forward	32,304	734,465	766,769
TOTAL FUNDS CARRIED FORWARD	<u>52,029</u>	<u>576,044</u>	<u>628,073</u>

10. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1st January 2020 and 31st December 2020	<u>9,079</u>
DEPRECIATION	
At 1st January 2020	8,399
Charge for year	<u>335</u>
At 31st December 2020	<u>8,734</u>
NET BOOK VALUE	
At 31st December 2020	<u>345</u>
At 31st December 2019	<u>680</u>

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1st January 2020 and 31st December 2020	<u>100</u>
NET BOOK VALUE	
At 31st December 2020	<u>100</u>
At 31st December 2019	<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 TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2020

11. FIXED ASSET INVESTMENTS - continued

China Dialogue Services Limited

Registered office:

Nature of business: translation and interpreting

Class of share: %
Ordinary holding
100

	2020	2019
	£	£
Aggregate capital and reserves	<u>100</u>	<u>100</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	430,197	169,840
Amounts owed by group undertakings	7,121	17,251
Other debtors	14,477	13,519
Prepayments and accrued income	<u>8,000</u>	<u>8,000</u>
	<u>459,795</u>	<u>208,610</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	27,788	8,455
Social security and other taxes	17,170	10,366
Other creditors	21,870	19,027
Accruals and deferred income	30,431	161,816
Accrued expenses	<u>4,560</u>	<u>4,500</u>
	<u>101,819</u>	<u>204,164</u>

14. MOVEMENT IN FUNDS

	At 1/1/20	Net movement in funds	Transfers between funds	At 31/12/20
	£	£	£	£
Unrestricted funds				
General fund	52,029	623,625	(430,542)	245,112
Beijing office costs 2021	-	-	430,197	430,197
Fixed Asset designated fund	-	-	345	345
	<u>52,029</u>	<u>623,625</u>	-	<u>675,654</u>
Restricted funds				
Other	576,044	145,652	-	721,696
Third Pole	-	78,481	-	78,481
Dialogo Chino	-	<u>47,212</u>	-	<u>47,212</u>
	<u>576,044</u>	<u>271,345</u>	-	<u>847,389</u>
TOTAL FUNDS	<u>628,073</u>	<u>894,970</u>	-	<u>1,523,043</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

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	978,846	(355,221)	623,625
Restricted funds			
Other	1,491,039	(1,345,387)	145,652
Third Pole	356,513	(278,032)	78,481
Dialogo Chino	119,063	(71,851)	47,212
	<u>1,966,615</u>	<u>(1,695,270)</u>	<u>271,345</u>
TOTAL FUNDS	<u>2,945,461</u>	<u>(2,050,491)</u>	<u>894,970</u>

Comparatives for movement in funds

	At 1/1/19 £	Net movement in funds £	At 31/12/19 £
Unrestricted funds			
General fund	32,304	19,725	52,029
Restricted funds			
Other	590,326	(14,282)	576,044
Third Pole	8,787	(8,787)	-
Dialogo Chino	90,883	(90,883)	-
India Climate Dialogue	44,469	(44,469)	-
	<u>734,465</u>	<u>(158,421)</u>	<u>576,044</u>
TOTAL FUNDS	<u>766,769</u>	<u>(138,696)</u>	<u>628,073</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020**14. MOVEMENT IN FUNDS - continued**

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	376,731	(357,006)	19,725
Restricted funds			
Other	1,006,504	(1,020,786)	(14,282)
Third Pole	85,436	(94,223)	(8,787)
Dialogo Chino	109,418	(200,301)	(90,883)
India Climate Dialogue	-	(44,469)	(44,469)
	<u>1,201,358</u>	<u>(1,359,779)</u>	<u>(158,421)</u>
TOTAL FUNDS	<u>1,578,089</u>	<u>(1,716,785)</u>	<u>(138,696)</u>

During the financial period the trustees created two designated funds from unrestricted reserves:

- Beijing operations: costs paid in advance and committed to operating in Beijing, this fund is expected to be spent in the first three quarters of 2021;
- Fixed asset fund: the net book value of fixed assets that are not available for general use by the charity.

15. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st December 2020.